Vol. II

TRANSCRIPT OF RECORD

(Pages 537 to 950)

Supreme Court of the United States

OCTOBER TERM, 1946

No. 733

INTERSTATE NATURAL GAS COMPANY, INCORPORATED, PETITIONER,

vs.

FEDERAL POWER COMMISSION, LOUISIANA, PUBLIC SERVICE COMMISSION, CITY OF NEW ORLEANS, LOUISIANA, AND CITY OF BATON ROUGE, LOUISIANA

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE FIFTH CIRCUIT

PETITION FOR CERTIORARI FILED NOVEMBER 30, 1946.

CERTIORARI GRANTED FEBRUARY 10, 1947.

VOLUME II.

TRANSCRIPT OF RECORD.

UNITED STATES

CIRCUIT COURT OF APPEALS

FIFTH CIRCUIT.

No. 10,701

INTERSTATE NATURAL GAS COMPANY, INCORPORATED,

Petitioner,

versus

FEDERAL POWER COMMISSION, LOUISIANA PUBLIC SERVICE COMMISSION, CITY OF NEW ORLEANS, LOUISIANA, CITY OF BATON ROUGE, LOUISIANA,

Respondents.

Petition for Review of an Order of the Federal Power Commission, Washington, D. C.

(ORIGINAL RECORD RECEIVED AUG. 13/43.)

EXHIBIT No. 4.

Agreement

Between

Standard Oil Company (New Jersey)
and
Ford, Bacon and Davis, Inc.

10-9-25.

Agreement, made this 9th day of October, 1925, between Standard Oil Company (New Jersey), hereinafter called the "Purchaser", party of the first part, and Ford, Bacon and Davis, Inc., a corporation of the State of New Jersey, hereinafter called the "Engineers", party of the second part;

Witnesseth: Whereas, the Purchaser, owning the capital stock of the Standard Oil Company of Louisiana, desires to decrease the fuel costs at the oil refinery of the Standard Oil Company of Louisiana at Baton Rouge, La., by the use of natural gas; and

Whereas, important deposits of natural gas in what is known as the Monroe field, situate in Morehouse, Union and Ouachita Parishes, in Louisiana, near the towns of Monroe and Bastrop, are believed to exist in sufficient volume to furnish fuel at the said refinery and to warrant the financing and construction of a pipe line system; the nature and extent of such gas supply being more specifically set forth in a report dated March 1, 1925, to the Purchaser by the Engineers, copy of which is attached hereto and made a part hereof, as Exhibit No. 1; and

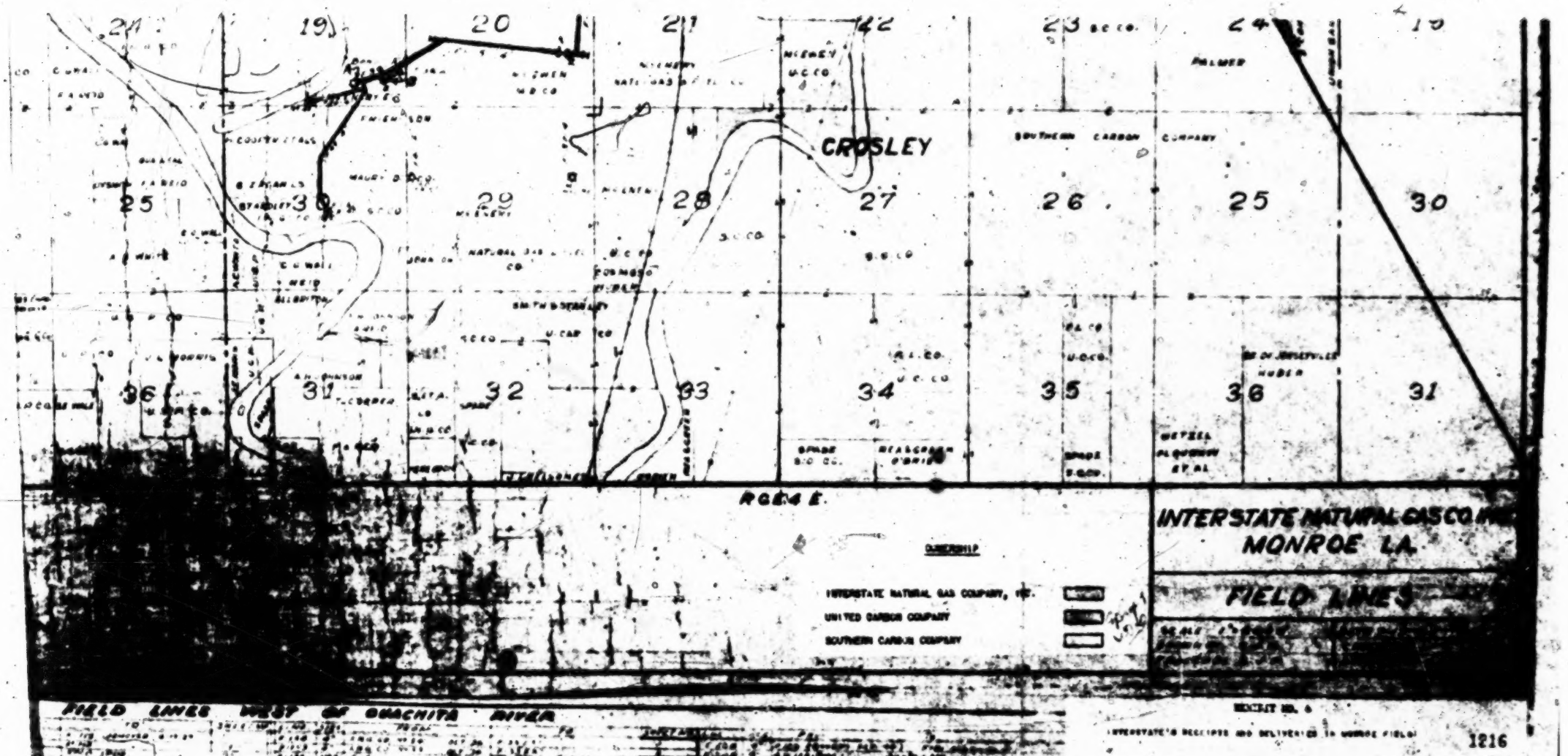
25 30 29 28 27 26 25 30 29

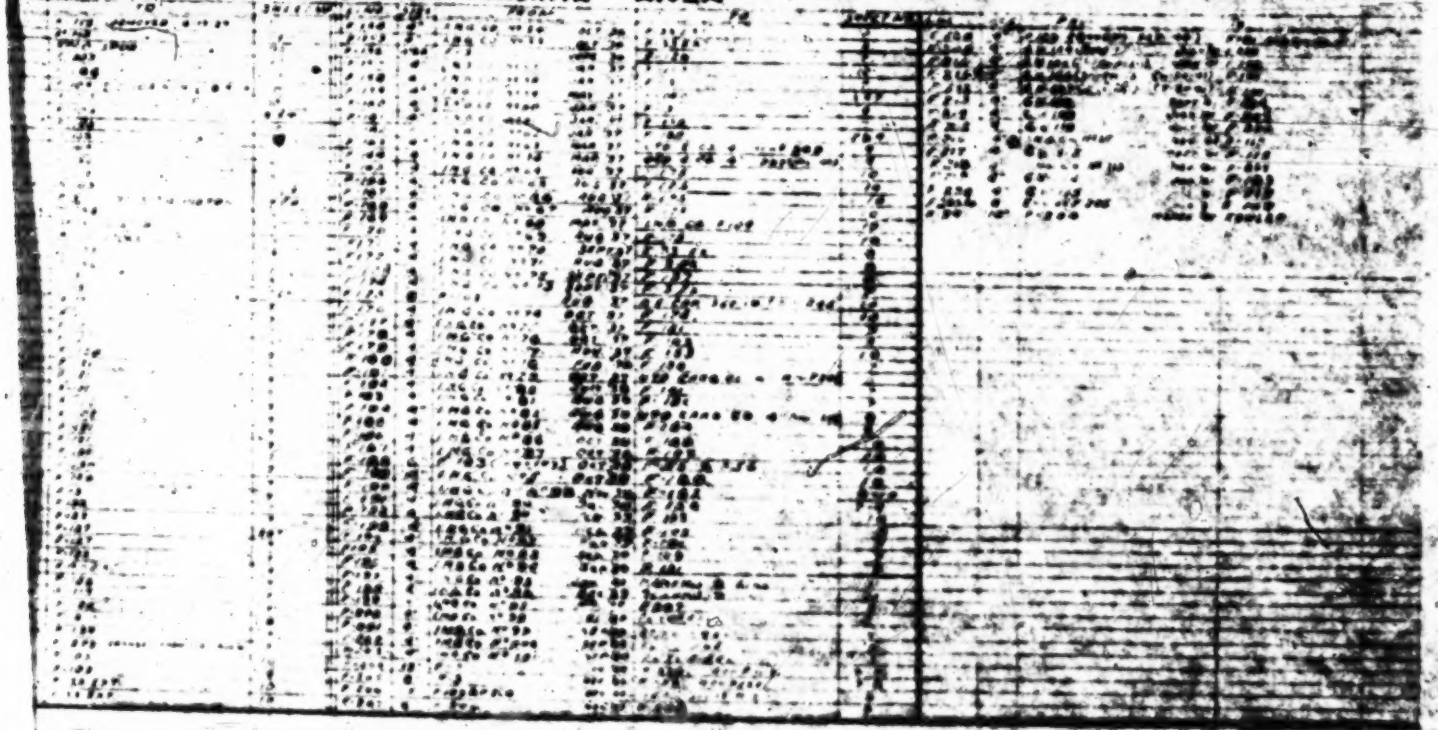
36 31 33 34 35 36 31 32

ROE 3 E

FIELD LINES EAST OF OUACHITA RIVER

FIELD LINES WEST OF OUACHITA RIVER


CROSLEY
RGE.4 E.
INTERSTATE NATURAL GAS CO. INC.
MONROE LA.
FIELD LINES
OWNERSHIP
INTERSTATE NATURAL GAS COMPANY, INC.
UNITED CARBON COMPANY
SOUTHERN CARBON COMPANY


FIELD LINES WEST OF OUACHITA RIVER

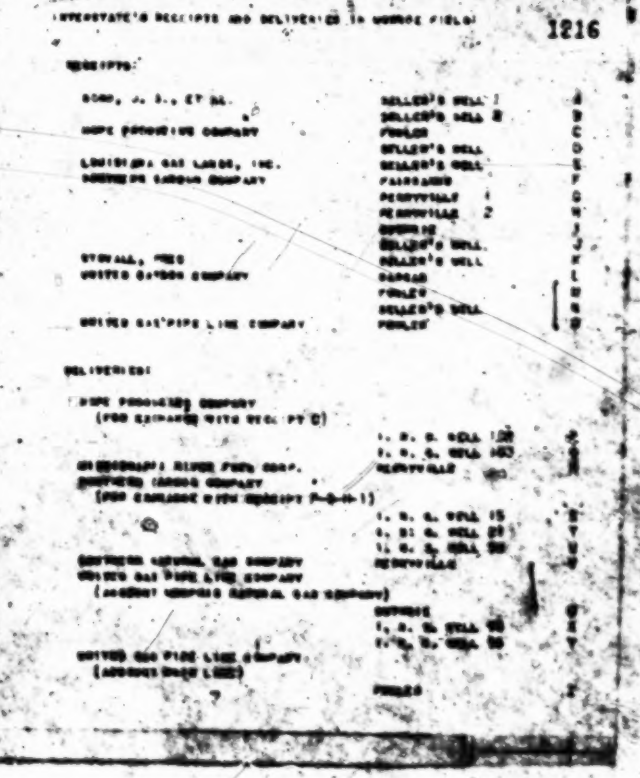


EXHIBIT NO. 6
1216

Whereas, in order to insure a sufficient supply of natural gas, it is deemed necessary to acquire gas reserves and particularly to secure the gas holdings of the Texas Company, the so-called Walbridge or H. C. Morris, Trustee, interests, and the so-called Frost-Johnson interests, substantially as shown upon the map of the Engineers, No. M 8299, dated March 30, 1925, attached hereto and made part hereof, as Exhibit No. 2; and

Whereas, for such purpose the Purchaser is willing to cause a contract to be entered into by the Standard Oil Company of Louisiana to purchase gas from a new corporation to be formed to acquire the foregoing gas reserves and to develop and operate the same and to construct and operate the pipe line system on condition that the said gas holdings are in Purchaser's opinion sufficiently consolidated to warrant the undertaking; and

Whereas, the Purchaser desires the services of the Engineers to secure and operate said gas reserves and to construct and manage the natural gas facilities and system under the Plan of Organization called the "Suggested Plan of September 10, 1925", attached hereto as Exhibit No. 3;

Now, Therefore, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

1. In the event that the Engineers are successful in securing the natural gas reserves in the Monroe field as herein contemplated, the Purchaser will cause a new company to be incorporated and organized on the plan or substantially on the plan as set forth in Exhibit No. 3. Said company will be referred to herein as the Louisiana Natural Gas Company, but may be organized under some other name as later selected.

2. The parties have agreed upon a form of contract to be entered into between the Standard Oil Company of Louisiana and the said Louisiana Natural Gas Company for the respective purchase and sale of natural gas at the Baton Rouge Refinery, which form of contract is attached hereto and marked Exhibit No. 4. The Purchaser agrees to cause the Standard Oil Company of Louisiana to enter into said contract substantially as shown or as the same may with the consent of the Purchaser be modified, in the event that the Engineers are successful in carrying out the plan of acquiring said natural gas reserves as they may exist at the time with such changes as may from time to time occur in the ordinary course of business, and in inducing the owners of said gas holdings to convey or otherwise make available their holdings to the new company as an outlet for their production.

The amount of gas so to be purchased by the refinery is so much of its fuel requirements in addition to the use of its by-product petroleum coke, tar and other fuel residue, as it may profitably secure out of the natural gas available, and at least Sixty Million (60,000,000) cubic feet per day of twenty four hours. Such purchases shall be through a term of ten (10) years, at a price of Fifteen Cents (15¢) per thousand cubic feet for the gas delivered at said refinery and measured there at a pressure of eight ounces gauge pressure and at a temperature of sixty degrees Fahrenheit, and for the purposes of measurement the absolute atmospheric (or barometric) pressure shall be assumed to be 14.4 pounds, irrespective of actual elevation or location above sea level or variations in such barometric pressure from day to day. Provision in said contract is also made for purchase of gas after the end of said ten (10) years.

3. The Engineers agree to forthwith open negotiations with the Texas Company, the so-called Walbridge or H. C. Morris, Trustee, interests, and the so-called Frost-Johnson interests, or any of them, or others, and will diligently pursue such negotiations in an effort to acquire for the account of the Purchaser the gas lands and/or leases owned or controlled by such interests in the Monroe field by purchase for cash and/or securities of said Louisiana Natural Gas Company, on the plan of organization, Exhibit No. 3, and agree to report the result of such negotiations to the Purchaser from time to time for the Purchaser's approval. In the event the Engineers are unable to so acquire the said gas lands and/or leases in accordance with said Plan, Exhibit No. 3, then they are to continue during the three months' term of this contract and during any renewal thereof to endeavor to work out a substitute plan satisfactory to the Purchaser unless and until advised by it to terminate such efforts. The Purchaser agrees for the term of this contract including any renewal thereof that such negotiations for its account for the gas holdings as herein set forth shall be conducted solely by the Engineers and that the Purchaser will refrain from any negotiations of any character for such holdings with others than the Engineers.

4. The Engineers will delegate such of their organization personnel as are qualified and necessary for the work developed by such negotiations, including such technical work as may be necessary in connection with it and with the appraisal of comparative field acreage and lease values if required, and so forth, and will charge the Purchaser seventy-five per centum (75%) of the present scale of per diem charges now in effect in the retaining contract now existing between the Purchaser and the Engineers for such of the Engineers' organization used upon the work in addition to expenses incurred

thereby, and upon the further charge that if an agreement is reached under which all of the gas holdings of the said Texas Company, the said Walbridge and said Frost-Johnson interests, in the Monroe field, substantially as shown by the map of the Engineers, Exhibit No. 2, (subject to any valid existing prior commitments thereof and to the changes occurring in the ordinary course of business) are acquired and the natural gas holdings made potentially available to the refinery at Baton Rouge, under the Plan, Exhibit No. 3, then the Purchaser will pay to the Engineers in addition to the per diem scale of charges aforesaid, the further sum of One Hundred Thousand Dollars ($100,000), to be paid in cash within thirty days from the date of delivery to the Purchaser of the agreements on the part of the aforesaid three interests, namely, the Texas Company, Walbridge and Frost-Johnson interests; it is further understood in the event that the Engineers are unable to so secure the holdings of all three of the aforesaid Texas Company, Walbridge and Frost-Johnson interests, but are able to so secure all or a part of one or more of such interests and/or gas holdings from other interests in the Monroe field on terms satisfactory to the Purchaser on the basis proposed by the Plan, Exhibit No. 3, or as such basis may with the approval of the Purchaser be modified, then the aforesaid fee of One Hundred Thousand Dollars ($100,000) shall be payable to the Engineers by the Purchaser within said thirty day period from the date of delivery to and acceptance by the Purchaser of such agreements.

5. In conducting the aforesaid negotiations with the owners of the gas holdings, the Engineers shall endeavor to secure the assent of the Texas Company, Walbridge and Frost-Johnson interests, above named, or any others that may be acquired hereunder, without any commitment on the part of the Purchaser to proceed hereunder

until the Purchaser shall have had the opportunity of considering the situation with the agreements of all such interests or any of them, or of the others, in the light of conditions existing as to fuel supplies at such time, touching all of which the Purchaser would be free to then act as its best interests in its sole judgment warrant, including the freedom on the part of the Purchaser to terminate the project or to adopt any other plan; nothing herein, however, shall in any way lessen or modify the obligations of the Purchaser to the Engineers hereunder with respect to compensation as outlined in the Fourth Article hereof, for work performed to the time of such abandonment or change.

6. In the event the Purchaser elects under the provisions of Article 5 to proceed in furtherance of the Plan, Exhibit No. 3, or any other plan, the Purchaser agrees that the engineering and construction work in connection with the construction and putting into operation of the pipe line system to produce and gather the gas and connect up the gas field with the refinery shall be performed by the Engineers, and the Engineers agree to so perform it, and shall include the design of the necessary facilities to produce, gather, transport and deliver to the Standard Oil Company of Louisiana the supplies of natural gas agreed upon, and the purchase of the necessary materials and equipment and the construction and supervision of all of the work until completed, all for the account of and subject to the approval of the Purchaser, in the most effective and economical manner, provided, however, the Purchaser reserves the right to purchase all or such portions of the pipe, machinery and equipment as it may deem advisable without, however, lessening the Engineers' compensation hereunder. For these services the Purchaser agrees to pay to the Engineers in addition to all the Engineers' expenses (including salaries

of members of Engineers' organization engaged on the work plus fifty per cent. (50%) thereof for overhead), as follows: For the primary construction during the first year or until gas deliveries to the refinery commence, which includes the construction of the main line (now planned to be twenty inches in diameter), field compressor station, field lines, including at least two main branches from the field compressing station, and appurtenant miscellaneous expenditures, the flat sum of Three Hundred Thousand Dollars ($300,000) payable in twelve equal monthly installments beginning when the work is initiated; should it be determined by the Purchaser that it is expedient to drill a number of new wells and connect them up as a part of the completed plant ready for operation at the end of the first year or at the time gas deliveries to the refinery commence, in that event there shall also be paid to the Engineers by the Purchaser for the primary construction during such period in addition to such Engineers' expense, four per cent. (4%) of the total cost of such wells, payable as to each well on the completion thereof. Should it be determined by the Purchaser to enlarge the plan of the pipe line system thereby involving additional engineering and/or construction services and/or construction expenditures, the flat sum of Three Hundred Thousand Dollars ($300,000) shall be increased by the amount of four per cent. (4%) upon such increased construction cost. After the primary construction is completed the Purchaser agrees to pay to the Engineers or cause the Louisiana Natural Gas Company to pay a net fee after all such Engineers' expenses, of four per cent. (4%) of the total cost of the construction constituting permanent additions to the pipe line system, such as additions (not replacements) to the compressing equipment and new pipe lines; such percentage, however, shall not be figured upon or applied to general overhead items, purchase of gas acreage and

leases, working capital, or the cost of drilling wells, excepting the primary wells if drilled as above provided. The construction arrangement herein provided for shall become effective as of the date of delivery to and acceptance by the Purchaser of the agreements covering the acquisition of the gas holdings of the Texas Company, Walbridge and Frost-Johnson interests, or any of them, or others satisfactory to the Purchaser as hereinabove set forth, or such other date as the Purchaser may agree to proceed with the undertaking, and shall continue for five (5) years from such date, with the right to the Purchaser to renew it on the same terms on three months' notice prior to the expiration of the five year period for an additional period of five (5) years provided the minimum annual payment of such four per cent. (4%) during such additional five year period shall be not less than Five Thousand Dollars ($5,000).

7. It is contemplated that the Engineers shall furnish engineering, technical and management advice and shall supervise the current operations of the Louisiana Natural Gas Company, and they agree to do so; the Purchaser agrees to use its best efforts to cause the directors of the Louisiana Natural Gas Company to act and consult with the Engineers in the selection of its officers and employees and to carry out said policy. If desired by the Purchaser, the Engineers shall furnish directors and officers from its own organization. The Engineers shall report the results of the management to the Purchaser or its nominee through regular standard monthly operating reports on forms satisfactory to the Purchaser. Said arrangement between the Purchaser and the Engineers shall become effective as of the date of the first commercial delivery of natural gas to the refinery and continue for a period of five (5) years thereafter, subject to renewal as herein provided. The Purchaser agrees to pay or cause the Louisiana Natural Gas Company to pay the Engineers for the current management and su-

pervision of operations and technical and engineer studies thereof, a net fee after all expenses, including the salary of the President or other chief executive of the proposed new company even though the Engineers with the approval of the Purchaser find it necessary to go outside of their organization for such executive, of Fifty Thousand Dollars ($50,000) per annum, payable monthly, with the right to the Purchaser on notice given three months prior to the expiration of the term to renew said contract for a further period of five (5) years at a net fee of Fifty Five Thousand Dollars ($55,000) per year payable monthly.

8. If and as requested by the Purchaser the Engineers agree to undertake to acquire for the Purchaser's account and in the name of such nominee as the Purchaser may determine, such additional natural gas holdings in the Monroe field as shown by the aforesaid map, Exhibit No. 2, as are not now owned or controlled by the aforesaid Texas Company, Walbridge or Frost-Johnson interests, and for such purpose to delegrate the necessary personnel to secure such interests and to lodge with the Purchaser from time to time such contracts of purchase, leases or options to purchase or lease, as the Engineers may thus be able to secure. Charge for this work shall be made on the standard per diem scale of the Engineers as above referred to or as agreed upon with the Purchaser, which shall not be subject to reduction as above provided for in Article 4 hereof. The Engineers also agree, subject to the provisions of Article Eleven hereof, to submit to the Purchaser for acquisition by the Purchaser or by the Louisiana Natural Gas Company after its organization, any gas holdings or contracts for gas in the Monroe field available to or coming to the knowledge of the Engineers during the term of this agreement, and to consult with and be guided by the wishes of the Purchaser in the securing of gas holdings and gas contracts other than those of the Texas Company, Walbridge and Frost-Johnson interests.

9. The Engineers have apprised the Purchaser of the situation formerly existing with the former associates of the Engineers in the Southern Power & Light Company, with which company the Purchaser authorized the Engineers to make the aforesaid joint natural gas content study of the Monroe, La., field as of March 1, 1925, as the result of which study such former associates of the Engineers, i. e., the Chase Securities Corporation, John Nickerson & Company and latterly the Electric Power & Light Corporation, all of New York, held expectations of proceeding in the development of this enterprise with the Purchaser, although it was made entirely clear to the Engineers and to such former associates by the Purchaser at the time such joint study was arranged for, that the Purchaser would be liable for no further cooperation with the Engineers or with such former associates if as the result of consideration of such joint study the Purchaser elected to proceed otherwise. The Engineers feel, however, notwithstanding the above stipulation of the Purchaser under which the Purchaser was to be and is free to proceed as the Purchaser sees fit, that it would not be inequitable if, as and when the matter of financing the cost of the necessary facilities and equipment for delivering the gas supplies to Baton Rouge as contemplated hereunder is undertaken, the Purchaser would then extend to the aforesaid Chase Securities Corporation, John Nickerson & Company and Electric Power & Light Corporation the opportunity of participating in the financing of such facilities with the bankers of the Purchaser and on the same terms.

10. In connection with Article 9 hereof, the Engineers have informed the Purchaser of the services rendered by Mr. H. C. Couch, President of the Southern Power & Light Company, to such former associates of the Engineers and have explained to the Purchaser that it may develop that the said H. C. Couch may be of very real

value to the Purchaser and the Engineers in the matter of assisting in the consolidation of the field acreage and lease interests as contemplated hereunder; it is understood, therefore, that if in the judgment of the Engineers such assistance of the said H. C. Couch proves to be desirable, the Engineers are authorized to make the necessary arrangements with the said H. C. Couch subject to the approval of the Purchaser to enlist the said H. C. Couch's co-operation in the matter of acquiring such natural gas acreage and/or leases.

11. The Engineers represent to the Purchaser that they are now employed by the Electric Power & Light Corporation which corporation assumed the Engineers' contract with the Southern Power & Light Company, under a contract which obligates them to act as Engineers and Constructors with respect to such natural gas construction as it (Southern Power & Light Company) may determine to undertake and to co-operate with them (Southern Power & Light Company) in the negotiation of contracts for the purchase of fuel. Such contracts would include natural gas for use, for instance, at the new Sterlington, La., electric power plant of the Louisiana Power Company, a subsidiary of the said Southern Power & Light Company; the Engineers are not aware, inasmuch as the said Louisiana Power Company has already contracted for its gas requirements, of any possible negotiations which would at all conflict with the arrangements proposed hereunder by the Purchaser; should, however, such conflict of interests arise, the Purchaser understands that the Engineers would be first committed to negotiate in the interests of the aforesaid Electric Power & Light Corporation and its subsidiaries; the Purchaser understands, however, that the Engineers in every other respect are entirely free to represent the best interests of the Purchaser.

12. With respect to the arrangement for engineering and/or construction and/or management hereinabove referred to, it is understood that these arrangements will be embodied in contracts prepared for execution in the standard form of the Engineers, subject to and in substantial accord with the provisions of this agreement.

13. With reference to the foregoing, it is understood that the Purchaser will from time to time provide or cause the Louisiana Natural Gas Company to provide the Engineers from time to time on the latter's requisition such funds as may be necessary to carry forward with the Purchaser's approval the work herein outlined.

14. This agreement shall continue for a period of three months from the date hereof and shall be subject to renewal at the option of the Purchaser for a further period of three months at which time it shall terminate, except as may be embodied in contracts made or which the Engineers are then entitled to have made under Article 12 hereof.

In Witness Whereof the corporations parties hereto have hereunto set their corporate names and seals the day and date first above written.

STANDARD OIL COMPANY
(NEW JERSEY).
By GEO. H. JONES,
Vice Prest.

GW Attest: (Corp. Seal)
M. H. EAMES,
Asst. Secty.

FORD, BACON AND DAVIS,
INC.,
By G. W. BACON,
Vice Pres.

Attest: (Corp. Seal)
HENRY F. STORCK,
Asst. Secretary.

EXHIBIT No. 3.

Suggested Plan of September 10, 1925.

Common Stock—1,000,000 Shares, no par.
Stock issued first year.....625,000 shares
Stock subject to stock warrants .....125,000 shares

Bonds. First mortgage 6% 10 year gold sinking fund bonds, redeemable as a whole or in part by lot on any interest payment date on or after January 1st, 1928, on 30 days prior notice at $105 and accrued interest. With each bond of $1000 a detachable warrant entitling the holder to purchase 10 shares of common stock of no par value at $10 prior to January 1, 1930. $12,500,000 to be issued, $11,250,000 to be sold at par less 1% to underwriters, netting company $11,137,500, and $1,250,000 to be part payment for producing properties $12,500,000.00

Sinking Fund, at rate of $1,250,000 per year.

Division of Stock		1,000,000
Purchase by S. O. Co. (N. J.)	250,000	
Part payment for producing properties	125,000	
Consideration for refinery contract @ 15¢ per M for 10 years and for organization costs, S. O. La.	250,000	
Subject to stock warrants	125,000	750,000

Available in treasury for stock dividends or for additional financing	250,000	
Division of Bonds:		
$11,250,000 to be sold @ 99, netting Company		$11,137,500.00
1,250,000 to be part payment for producing properties.		
$12,500,000		
Cash Capital Received:		
From sale of bonds	$11,137,500	
From S. O. Co. (N. J.) for 250,000 shares of common stock @ $10 per share	2,500,000	$13,637,500.00
First Year Cash Requirements:		
Cash consideration, part payment for producing properties	$2,500,000	
Construction costs	9,590,000	12,090,000.00
		$1,547,500.00
The amount available at beginning of second year		$1,547,500.00
together with maturity of stock warrants		1,250,000.00
Total available to meet subsequent construction requirements		$2,797,500.00
3rd year	$1,020,000	
4th year	305,000	
5th year	802,500	
6th to 10th years	2,035,000	
	$4,162,500	

The Standard Oil Co. stock ownership would begin at 80% and ultimately stand at 66⅔% when stock warrants exercised.

Approximate Holdings.

Leaseholds and Wells.

	Proven Acreage	Wells	Unproven
Union Power Co. Frost-Johnson...	30,000	12	62,000
H. C. Morris, Tr. Walbridge interests	26,000	33	72,000
Texas Company	14,000	22	
Standard Oil Co. (La.)	2,800		

Agreement, made this 18th day of February, 1932, between Standard Oil Company (New Jersey), party of the first part, and Ford, Bacon & Davis, Inc., party of the second part;

Whereas, the parties hereto entered into a certain contract dated the 9th day of October, 1925, whereby the party of the second part undertook to procure certain natural gas producing properties in Louisiana and to construct certain natural gas pipeline transportation systems from such producing properties to Baton Rouge, Louisiana; and

Whereas, the parties desire to terminate such contract of October 9, 1925.

Now, Therefore, This Agreement Witnesseth: For and in consideration of the sum of One Dollar ($1.00) and of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

1: The hereinbefore mentioned contract between them dated the 9th day of October, 1925, shall be and the same is hereby terminated. Such termination to be effective the 1st day of January, 1932.

In Witness Whereof, the parties hereto have hereunto set their names and seals the day and year first above written.

STANDARD OIL COMPANY
(NEW JERSEY),
By: S. B. HUNT,
Vice President.

Attest:
M. H. EAMES,
(Seal) Asst. Secretary.

FORD, BACON & DAVIS, INC.,
By: WM. VON PUHL,
President.

Attest:
H. F. STORCK,
(Seal) Secretary.

EX. 42.

Interstate Natural Gas Company, Incorporated.

Description of Natural Gas Properties and the Production and Gathering Operations of the Company in the Monroe Gas Field, Morehouse, Union, and Ouachita Parishes, La.

I.

Purpose of Statement.

The purpose of this Statement is to describe the natural gas properties and the production and gathering operations of the Interstate Natural Gas Company, Incorporated (referred to herein as "Interstate") in the Monroe Gas Field, Morehouse, Union, and Ouachita Parishes, Louisiana, with particular reference to the facts surrounding the sale and delivery of natural gas to Mississippi River Fuel Corporation, United Gas Pipe Line Company (a/c Memphis Natural Gas Company), and Southern Natural Gas Company.

II.

Correlation Between This Statement and the Several Map Exhibits.

Exhibit 5 in this Proceeding is a Map designated in the bottom right-hand corner as "Monroe Gas Field—Acreage Map" and showing the natural gas properties held by Interstate and by other producers in the Monroe Gas Field. This Map Exhibit is referred to herein as the Acreage Map.

Exhibit 6 in this Proceeding is a Map designated in the bottom right-hand corner as "Interstate Natural Gas Company, Incorporated—Field Lines—No. 6—78A", and showing generally the properties of Interstate in the Monroe Gas Field. This Map Exhibit is referred to herein as the Field Line Map.

Exhibit 42 in this Proceeding is a Dispatching Diagram designated in the bottom right-hand corner as "Interstate Natural Gas Company, Incorporated—Dispatching Diagram, Monroe Field—No. 6—81A". This Exhibit is referred to herein as the Dispatching Diagram.

Exhibit 44 in this Proceeding is a Layout Sketch designated in the bottom right-hand corner as "Interstate Natural Gas Co., Inc.—DeSiard Compressor Station Layout of Inlet and Outlet Gas Mains—No. 3-34". This Exhibit is referred to herein as the DeSiard Station Layout Sketch.

Exhibit 45 in this Proceeding is a Diagrammatic Sketch showing the connections for deliveries to the Mississippi River Fuel Corporation, Southern Natural Gas Company, and United Gas Pipe Line Company (a/c Memphis Natural Gas Company). This Exhibit is referred to herein as "Schematic Diagram of Three Field Delivery Points."

III.

Summary of Operations of Interstate Company in the Monroe Gas Field.

1. Natural Gas Rights.

The Interstate Company acquired its first natural gas rights in the year 1926, when it purchased from the Union

Power Company the fee rights to all gas lying beneath some 40,050.99 acres of ground together with a lease covering 160 acres of land.

As of December 31, 1941, the Company held the gas rights and leaseholds and the fee simple in 56,555.91 acres of ground. The land presently covered by these rights is shown upon the Acreage Map and Field Line Map. These holdings are as follows:

	No. of Parcels	Acreage
Fee Gas Rights	363	48,005.98
Leaseholds	40	5,111.29
Fee Simple	24	3,438.64
	427	56,555.91

Of these holdings, those covering 44,719.61 acres of land are "operated"—that is, wells have been drilled and gas is being withdrawn in accordance with the terms of the leasehold or fee right covering the land.

Those covering 11,836.30 acres of land are now "unoperated"—that is, wells have not been drilled and the rights are held in reserve to provide gas for future needs.

2. Producing Gas Wells.

The Interstate Company began operations in 1927 with eleven (11) producing gas wells. It now owns and operates 110 producing wells ranging in age from 22 years to less than 1 year. Seven additional wells will be drilled during the summer of 1942.

The location of each of these wells is shown by a symbol upon the Field Map and Dispatching Diagram, and next to each such symbol there appears the Company's identifying number.

There is included in this Statement, at page 41, a Table showing the producing wells by serial number. This shows for each well: (1) the location, (2) the year when it was drilled or purchased, (3) the depth, (4) the original rock pressure, (5) the current rock pressure, (6) the original open flow capacity, (7) the current open flow capacity, and (8) the current allowable delivery capacity.

It will be noted that the depth of the vast majority of these wells falls between 2100 and 2300 feet. This is occasioned by the fact that there is one principal producing sand in the Monroe Gas Field—the so called "Monroe Gas Rock". A few wells have been drilled into a second deeper sand which is, however, spotty and not well defined.

3. Purchase of Gas.

Since its inception in 1927, the Interstate Company has purchased gas from other operators in the Monroe Gas Field. Such purchased gas has always constituted a major portion of the gas gathered by Interstate in the Monroe Field.

In the 15-year period, 1927-1941, such purchases amounted to 352,516,082,000 cubic feet or approximately 67.41% of the total gas gathered by Interstate. Purchases for each year have fallen between 20 and 27 billion cubic feet.

At the present time such purchases are made from the following producers at the delivery points specified:

Company	Delivery Point	Field Map Symbol	Volume Purchased in 1941 M. cu. ft.
Bond, J. B., et al.	Seller's Well 1	A	92,347
	Seller's Well 2	B	128,404
Hope Producing Co.	Fowler	C	1,095,000
	Seller's Well	D	369,773
Louisiana Gas Lands, Inc.	Seller's Well	E	158,964
Southern Carbon Co.	Fairbanks	F	7,531,644
	Perryville 1	G	0
	Perryville 2	H	4,254,795
	Guthrie	I	0
Stovall, Fred	Seller's Well	K	158,432
United Carbon Co	Cargas	L	3,310,970
	F-13	M	5,605,906
	Seller's Well	N	237,558

The natural gas properties held by two such vendors —the Southern Carbon Company and United Carbon Company—are shown in color upon the Field Line Map along with those of Interstate. The properties of Southern, United Carbon, and Hope Producing Company are shown in color upon the Acreage Map, along with the properties of Interstate and Union Producing Company.

The points at which such gas is received by the Interstate Company are indicated upon the Field Map Exhibit by identifying letters similar to those shown above.

At each such point of delivery, the Interstate Company owns and operates a meter station for the receipt and measurement of such gas.

4. Field Gathering Lines.

The gas produced and purchased in the Monroe Field is delivered into a complicated network of gathering lines.

These lines are shown in black with their identifying numbers upon the Field Line Map and Dispatching Diagram. There is attached to the Field Line Map a table showing each identifying line number and (1) the size of each line, (2) the point at which it commences, (3) the point at which it terminates, and (4) the date of purchase or completion of the more recent lines.

These field lines vary in size from 2 inches up to 16 inches in diameter, the size of each line depending upon the function which it performs in the gathering operation.

5. Deliveries of Gas in the Monroe Field.

All of the gas gathered in the Monroe Field system is delivered out of this system at several points in the Monroe Field, the locations of these delivery points being shown by symbols upon the Field Line Map and Dispatching Diagram.

Deliveries made to other companies in the Monroe Field are as follows:

Company	Delivery Point	Field Map Symbol	Deliveries in 1941 M. cu. ft.
Mississipi River Fuel Corp.	Perryville	R	8,326,560
Southern Natural Gas Co.	Perryville	V	9,689,624
United Gas Pipe Line Co. (Account Memphis Natural Gas Company)	Guthrie	W	3,608,147
	I.N.G. Well 95	X	167,211
	I.N.G. Well 96	Y	188,651
United Gas Pipe Line Co.	Fowler	Z	1,645,095

The remaining gas gathered in the system is delivered by Interstate in its own transmission system. One such

delivery is made into transmission line T-9 from field line F-33 at Perryville. The remainder of the gas is delivered into the Company's DeSiard Compressor Station for compression and transmission.

6. Exchanges of Gas.

It frequently happens in the Monroe Gas Field that wells belonging to Interstate may lie at such distance from its gathering system as to make it impractical to lay a line to such wells. As a result the Interstate Company has frequently entered into exchange gas agreements with other operators in the field whereby those operators accept delivery of the gas so produced and deliver to Interstate a like quantity of gas at other points in the field. The following arrangements exist at this time:

Interstate Well Number	Gas Exchanged With	Field Map Symbol
102	Hope Producing Co.	P
103	Hope Producing Co.	Q
15	Southern Carbon Co.	S
21	Southern Carbon Co.	T
56	Southern Carbon Co.	U

It also happens that the Interstate field lines may pass close to the isolated wells of other producers, and Interstate frequently enters into agreements under which it receives this gas and delivers like quantities of gas to the producer at another point in the field. At the present time the following such arrangements exist:

Interstate Field Line	Gas Exchanged With
F-53	Southern Carbon Co.
F-1	Hope Producing Co.

IV.

Historical Development of Production and Gathering Operations in the Field.

The Interstate Company was formed in the year 1926, primarily for the purpose of acquiring gas in the Monroe Gas Field, installing a transmission pipe line to carry this gas from the Monroe Field to Baton Rouge, and there supplying gas to the Standard Oil Company of Louisiana for use as a fuel in its Baton Rouge Refinery.

To this end, it was necessary that gas be secured in the Monroe Field—either by purchase from other producers or by production, or both. It was decided that the Company should acquire a field gathering system in the Monroe Gas Field; that in order to provide sufficient reserves of gas, it should acquire gas rights and wells of its own; and that, to supplement and conserve its own gas, it should purchase large proportions of its gas requirements.

During 1926, therefore, the Company purchased from the Union Power Company extensive natural gas properties which that company held in fee, together with a lease covering 160 acres, these properties giving Interstate the right to produce gas from beneath approximately 40,000 acres of land in the Monroe Gas Field. This property has ever since constituted the backbone of the Company's field operations. At the time of this purchase, eleven wells (given Interstate's well numbers 1 through 11) were located upon these properties. It will be noted, by reference to the Table of Producing Wells, page 41, that all of these original wells had been drilled in the year 1924 or earlier, and gas produced from them prior to the sale to Interstate had been gathered by the

Union Power Company in a field system which comprised what are now Interstate field lines F-101 through F-115; the principal lines in this system were F-102, F-103, F-108, and F-115. The gas so gathered had in part been sold by the Union Power Company to the Sterlington Power Plant, located near Sterlington on the Ouachita River, while the remainder had been used by the Union Power Company in a carbon black plant located at Upco Spur in Section 35; T-21-N; R-3-E. The Interstate Company incorporated this gathering system into the larger one covering much broader operations in producing acreage than Union Power had carried on. It provided connections between this system and its DeSiard Compressor Station at Fowler, so that gas gathered from the original wells purchased from Union Power Company was discharged out of the gathering system into DeSiard Compressor Station.

During 1926, Interstate also acquired natural gas properties from Frost Lumber Industries, A. G. Stephenson Trustee, The Texas Company, and Southern Carbon Company, aggregating approximately 7,000 acres.

To provide itself with sources of purchased gas, the Interstate Company through Ford, Bacon & Davis, Inc., likewise in 1926, entered into contracts with several independent producers in the Monroe Field. These contracts were with Hatcher and Evans, Maury Drilling Company, The Palmer Corporation, United Carbon Company, and Southern Carbon Company. To gather gas so purchased, the Interstate Company laid a 16-inch Line F-1 extending from points of connection with the Southern Carbon Company, United Carbon Company, and The Palmer Corporation in a southerly direction to DeSiard Compressor Station. A 12-inch Line F-2 was laid from a point of connection with the Southern Carbon Com-

pany at Fairbanks in a northerly direction to DeSiard Compressor Station. Also, Lines F-4, F-5, F-10, F-10a, F-11, F-15, and F-16 were installed to gather gas purchased from Hatcher and Evans and Maury Drilling Company, principally in the region of Phillips, southwest of Fowler. A 12-inch Line F-13 was laid east from DeSiard Compressor Station to a point of connection with the United Carbon Company to bring gas to DeSiard Station. Lines F-6, 7, 8, 9, 14, 17, 18, 19, 20, 21, 22, and 23 were small lines laid to supplement the larger gathering lines.

In the first year of operations, 1927, the Company purchased 21,934,200 Mcf in the Monroe Field and produced from its own ten wells only 790,550 Mcf. This great preponderance of purchased gas over gas produced continued steadily throughout the seven years 1928-1934.

The years 1927, 1928, 1929, and 1930 witnessed considerable expansion of the production and gathering system. Wells 15 and 21 were drilled near the Ouachita River in Morehouse Parish (Sec. 14; T-20-N; R-4-E), and these were later connected into the system through a 6-inch line F-30 which took gas to Line F-3. In the same years, Wells 13, 14, 16, 22, 23, 24, 25, and 26 were drilled to the west of the Ouachita River in Union Parish; these were later connected into the gathering system through Line F-121 and tributary lines F-122, 140, 123, 120, 128, 124, 125, and 127. In 1930, the Company laid Line F-33 to carry gas south from wells 15 and 21 to Line F-1 at Perryville, and there was thus provided a by-pass through which gas in Line F-3 could reach Perryville by traveling northeast through Line F-30 and southeast through Line F-33.

In the year 1929, several long natural gas transmission lines were laid from points in the Monroe Field to dis-

tant markets. These were the following: the Mississippi River Fuel Corporation Line, commencing at Perryville in the Monroe Field and extending north to the St. Louis, Missouri area; the Southern Natural Gas Corporation (now Southern Natural Gas Company) Line, extending from a point near Perryville to Birmingham, Alabama, and Atlanta, Georgia; the Memphis Natural Gas Company Line, extending from a point near Guthrie in the Monroe Field to Memphis, Tennessee; the Dixie Gulf Gas Company (now part of the United Gas Pipe Line Company) Line extending from a point near Sterlington in the Monroe Field into Texas; the Arkansas Louisiana Pipe Line Company (now the Arkansas Louisiana Gas Company) Line extending from a point near Sterlington in the Monroe Field northwest into Arkansas.

It has been explained above that the Interstate Company entered business with the primary purpose of supplying the industrial market at Baton Rouge, Louisiana. But, since it held large reserves in the Monroe Gas Field, both by virtue of its own gas properties and of its contracts for the purchase of gas, the Interstate Company entered into contracts for the supply, out of its gathering system, of a portion of the gas requirements of each of the pipe lines mentioned above. Accordingly, there were established in the Monroe Field connections with each of the above pipe line companies and the Interstate Company delivered gas to them at those points, the gas coming out of the general gathering system, principally Lines F-1, F-43, F-44, and F-19. In 1930, the first full year of sales to these various pipe line companies, approximately 6,000,000 Mcf were sold to them.

Also at this time, Interstate began selling gas to the Industrial Gas Company (now United Gas Pipe Line Company) at Fowler; this gas, along with other gas, was

then transported by Interstate for Southern Gas and Fuel Company (now United Gas Pipe Line Company) to Baton Rouge for delivery to the New Orleans market.

Thus by 1930, the production and gathering system had assumed the general pattern which it still bears today. More than thirty wells had been drilled or purchased. Contracts for the purchase of gas had been made. A field system had been built. Points for the delivery of gas had been established. The years since that time have witnessed a carrying forward of this general pattern.

During the years 1930-1934, the demands placed upon the gathering system in the Monroe Field were unexpectedly low, fluctuating between 22,000,000 and 27,000,000,000 Mcf per year. The smallness of this demand was occasioned partly by the business depression and partly by production in the nearby Richland Field. Since its gas purchase contracts obligated it to take certain minimum quantities of gas, Interstate was compelled to purchase nearly all of its field requirements. Accordingly, its production remained at unexpectedly low levels and its drilling activity came to a halt.

However, by 1935 production in the Richland Field was rapidly declining and also business conditions were improving. In consequence, the demands upon the Company's gathering system in the Monroe Field increased rapidly, jumping from 27,033,161 Mcf in 1934 to 34,142,293 Mcf in 1935. The following year they rose to 40,741,558 Mcf and in 1937 they rose to 46,108,823 Mcf. These increased demands required increased production.

Also, by 1935, Interstate was obliged to drill several wells to perpetuate its fee rights and leases.

Accordingly, the years 1935 and 1936 witnessed a resumption of drilling: in 1935, seven wells were drilled, these being Numbers 36-42 and in 1936, fifteen wells (Nos. 43-58) were drilled. In addition, wells 59 and 60 were purchased.

Increasing production and demands brought in their train a need for greatly increased capacity in the gathering pipe line system. Primarily, this meant the laying of additional field lines. In addition, it required some segregation of wells, so that high pressure wells might produce into high pressure field lines and low pressure wells into low pressure lines. Accordingly, the year 1936 witnessed the laying of several important field lines.

In 1936, line F-33 was extended north to a junction with line F-103. F-33 then became a high pressure gathering line to collect gas from several new high pressure wells—Nos. 50, 52, 53, 54, and 55. Several old wells still having high pressures—Nos. 2, 3, 4, 5, 6, and 7 likewise discharged into this high pressure field line. Since wells 15 and 21 had declined to rock pressures of 200 pounds by that time, these two wells and line F-30 were disconnected from line F-33. Gas thus gathered in line F-33 at approximately 380 pounds pressure was made available for discharge into the newly acquired loop line T-9. The old connections for discharge of gas from F-33 into F-1 remained in place and upon occasion gas can flow from F-33 into F-1.

Also in 1936, a 10-inch line F-51 was laid from a point of connection with line F-115 at Sterlington south to DeSiard Compressor Station, thus greatly increasing the capacity of the gathering system. Moreover, the addition of this line permitted the gathering of gas from the field at two different pressures; for example, gas could be

gathered in line F-3 at 150 pounds pressure and in line F-51 at 250 pounds, thus greatly facilitating the production of gas by allowing both high and low pressure wells to be handled under better conditions.

Heavy demands and, therefore, the requirement for heavy production continued during the years 1937 through 1941. Consequently, the Company continued drilling: in 1937, nineteen wells were drilled, these being Nos. 56 and 61-77 and 79; in 1938, eleven wells were drilled (Nos. 78 and 80-89); in 1939, seven wells (Nos. 90-96); in 1940, seven wells (Nos. 97-103); and in 1941, ten wells (Nos. 104-113). Two wells were purchased in 1941 (Nos. 114 and 115). In most cases, these wells were tied into the existing field system through short extensions.

Also in 1940 and 1941, the Company increased the productivity of many of its wells through an extensive program of acid treatment. This treatment utilizes an hydrochloric acid solution to clean out and enlarge the well bore and increase the flow of gas through the producing formation. Eighty-six wells were treated in this way and the aggregate open flow of these wells was increased from the former 489,744,000 cubic feet to 1,284,890,000 cubic feet per day.

The principal extension of the gathering system made necessary by these new wells comprised lines F-206, F-207, F-208, and F-209 which were laid north in 1940 to gather gas from wells 34, 63, 79, 82, 83, 97, 109, 110, 104, and 105. Previously several of these wells had discharged gas, on an exchange basis, into the field lines of the United Carbon Company at a point near well No. 34; but as the number of wells increased, an extension of the gathering lines became practicable. Since the wells along lines F-205—F-209 were high pressure, line F-204 was

also laid in 1940, to form a connecting link between this high pressure extension and the high pressure line F-33. In addition, line F-204 gathered gas from several high pressure wells, such as Nos. 706, 108, 91, 75, 31, 51, 90, and 57. Line F-204 also serves as a means for turning gas into line F-3 or F-115 is warranted.

Likewise, in 1940, line F-205 was laid paralleling F-121 to increase the take from the wells in the western part of the field.

As the system was thus developed, most high pressure gas was gathered through line F-33, while lines F-3 and F-51 brought south to DeSiard low and medium pressure gas. During 1941, it was felt necessary that a new line be laid into the northern part of the field to increase the capacity of the field line system. During recent months, therefore, the Company has laid a 16-inch line F-59 which extends from a point of connection with lines F-204 and F-206 south to DeSiard Station.

V.

Flow of Gas Through the Gathering System.

The function of the gathering pipe line system is to receive gas from a multitude of sources—wells and purchase points—in the Field to convey it at natural pressures to the points of discharge in the Field.

As the above historical development demonstrates, this function requires a flexible, ever-changing system which is characteristic of the production and gathering operation. New wells are drilled, rock pressures change, purchases fluctuate, demands decline or increase.

Hence, any description of the flow of gas through the gathering system must be strictly related to the present, for the unforeseen circumstances of the future will inevitably upset the careful balance of today and require that the gathering system be constantly modified and adapted.

At the present time, the gathering system is arranged into several fairly well defined segments—each of which gathers gas from some portion of the field or at some specific pressure.

A very large portion of the high pressure gas is gathered into a system of lines tributary to Line F-33 which extends from the Line F-104 to a junction with Lines F-1 and T-9 at Perryville. Into this high pressure system feed most of the high pressure wells in the northern portion of the Field. This is the case with all of the wells (Nos. 110, 109, 34, 97, 79, 82, 83, 63, 104, and 105) lying along lines F-206, F-208, F-209, and F-210; also the Company is about to drill seven additional wells at locations along Line F-206. Another group of wells (Nos. 64, 65, 66, 67, 69, and 74) feeds into this high pressure system through Line F-175. At several points along F-33, individual wells feed in, this being the case with wells 3, 68, 77, 53, 54, 52, 70, 6, 7, and 55. Along F-204 wells 108, 76, 91, 75, 51, 31, 57, and 90 feed in.

Gas normally flows out of this group of field lines, via F-33, into transmission line T-9. It may, when warranted, also flow out of line F-204 into lines F-13, F-115, and F-59 in the northern part of the field.

All the remaining wells in the northern portion of the field, principally medium and low pressure wells, feed into lines which are presently tributary to the 12-

inch line F-3, the composite line F-115—F-51, and the 16-inch line F-59. The gas so gathered also includes gas purchased from Louisiana Gas Lands, Inc., Hope Producing Company, Fred Stovall, and United Carbon Company, these points of purchase being shown upon the Field Line Map. The pressures in these three lines at present fluotuate between 200 and 250 pounds depending upon many factors such as the number of wells turned in and the load on the gathering system. The pressures in the three lines may differ considerably from one another. Gas reaching the southern end of lines F-3, F-51, and F-59 at DeSiard Station may flow either into the Compressor Station or into lines F-1 and F-44.

A third group of wells, in the southern portion of the Field (Nos. 12, 49, 39, 41, 40, 42, 98, 99, 100, 101) discharge gas through a group of field lines which are tributary to lines F-5, F-4, and F-4 Extension With this there is intermingled gas purchased from J. B. Bond, et al. at wells in Section 19; T-19N; R-4E, this being points "A" and "B" on the Field Line Map.

Gas purchased from the Southern Carbon Company at Fairbanks in Section 10; T19-N; R-4-E; enters line F-2 at point "F" upon the Field Line Map. This gas reaches DeSiard Compressor Station at between 100-120 pounds. It always flows into the Compressor Station for pumping into the transmission line to Baton Rouge.

A fifth body of gas is gathered in the 12-inch line F-13 after being purchased from the United Carbon Company in Section 12; T-19-N; R-4-E; at the point designated "M" upon the Field Line Map. This gas reaches DeSiard Station at pressures ranging between 135 and 150 pounds. It may flow either into the Compressor Station via F-2 or into line F-1 via F-45. At present this gas normally flows into line F-1.

A sixth body of gas is delivered to Interstate Company by Hope Producing Company at DeSiard Station, marked "C" on the Field Line Map. This gas is received at pressures between 135 and 150 pounds. It may flow into the Compressor Station or into line F-1 or F-44. At present this gas normally flows into line F-1.

The gathering line F-1 extends between DeSiard Compressor Station on the south and Perryville on the north. As has been shown into the Historical Development, this line first served only to gather gas purchased from three producers: Southern Carbon Company, United Carbon Company, and Palmer Corporation, and the gas flowed into DeSiard Station. In 1929, three additional points of delivery were connected with this line—Mississippi River Fuel Corporation, Southern Natural Gas Company, and Memphis Natural Gas Company. And, in consequence, the line now functions as a gathering "header" in which gas may flow back and forth depending upon the productivity of the various sources and the demands of the various markets. At the present time gas may flow into line F-1 from any or all of 11 sources—(1) Southern Carbon Company at Perryville; (2) Line F-33 at Perryville (in emergencies); (3) United Carbon Company at Cargas; (4) Southern Carbon Company at Guthrie; (5) from line F-44 via F-9 at Guthrie (now closed); (6) Line F-3 at Fowler; (7) Line F-51 at Fowler; (8) Line F-59 at Fowler; (9) Line F-5 at Fowler; (10) Line F-13 at Fowler via F-45, and (11) the Hope Producing Company at Fowler.

At the same time gas may flow out of this line at four points: To Mississippi River Fuel Corporation via F-33A, Southern Natural Gas Company via F-33A, Memphis Natural Gas Company via F-9, and DeSiard Compressor Station.

Thus, line F-1 acts as a major gathering point in the system—a common header into which gas from all parts of the field may flow and from which this intermingled gas flows to the points of field delivery to transmission system.

VI.

The Delivery of Gas in the Field.

1. Mississippi River Fuel Corporation.

The Perryville Compressor Station of the Mississippi River Fuel Corporation is situated on a plot of land in Section 42; T-19-N; R-4-E, Ouachita Parish, this plot adjoining the right-of-way of the Interstate Company's Line F-1. Two general photographic views of the exterior of this Station are included at Pages 24 and 25 of this Statement.

A short line, F-33A, extends from Line F-1 to a point of delivery upon the land of the Mississippi River Fuel Corporation, this point being generally shown as R on the Field Map. These lines and the delivery point are shown on the Schematic Diagram of Delivery Points.

Gas Flows out of Line F-33A to this point at the natural pressures in the Interstate Company's field system, these pressures varying between 100 and 150 pounds.

After leaving F-33, the gas flows through orifice meter runs in each of which there are two sets of orifice plates and flanges, the second of which is Mississippi's master meter and point of delivery. The meter house and orifice runs are shown in the photograph at Pages 26-27 of this Statement.

The gas then passes through gate valves into a header and is there intermingled with gas purchased by the Mississippi River Fuel Corporation from other producers. The intermingled gas then passes through scrubbers into the suction header of the compressor station. In the compressor station, all of the gas is compressed by the low-stage compressor engines, these engines being shown in the photograph attached at Pages 28-29 of this Statement. The gas, whether compressed by the low-stage engines or not, then passes into the high-stage compressor engines, shown on the photograph included at Page 30 of this Statement. These engines discharge the gas at pressures up to 425 pounds. The gas is then delivered from the high-stage compressor engines into a discharge header and then through coolers and dehydrators into the main transmission lines of the Mississippi River Fuel Corporation. It is then transported in this 22-inch line to points of delivery in Arkansas, Missouri, and Illinois.

2. Southern Natural Gas Company.

The Southern Natural Gas Company Compressor Station is situated upon land adjoining that of the Mississippi River Fuel Corporation, and its main transmission line commences at this point. A general exterior view of this compressor station is shown on the photograph at Page 31 of this Statement.

Gas is delivered to the Southern Natural Gas Company through the connecting line F-33A at a point adjoining the point of delivery to the Mississippi River Fuel Corporation. This is point "V" on the Field Line Map.

Gas flows out of line F-33A to this point at the natural presssures in the Interstate Company's field system.

These delivery pressures vary between 100 and 150 pounds.

Near the point of delivery, the gas passes out of line F-33A and through gate valves and orifice meter runs owned by the Interstate Company. A photograph of these valves and meter runs and of the meter house is included at Page 32 of this Statement. The location of the meters is shown on the Schematic Diagram of Deliveries.

After passing the delivery point at the outlet of Interstate's meters, the gas passes through a second set of check orifice flanges with meters belonging to Southern Natural into a header and is there intermingled with gas purchased by Southern from other producers. The intermingled gas then passes through scrubbers into the suction header of the compressor station.

A portion of the gas may be pumped in low-stage compressors, a photograph of which is included at Page 33 of this Statement. All of the gas, including any which may have been pumped in the low-stage, is then pumped by the high-stage compressor engines, a photograph of which is included at Page 34 of this Statement. The high-stage engines discharge the gas at pressure up to 450 pounds.

The gas following compression is discharged into a discharge header and then passes through coolers into the main transmission line. It is then transported through this transmission line to points of delivery in Mississippi, Alabama, and Georgia.

3. United Gas Pipe Line Company (a/c Memphis Natural Gas Company).

The Memphis Natural Gas Company Compressor Station is situated upon a plot of land in Section 35; T-19-N; R-4-E and its transmission line commences at this point. A general exterior view of this compressor station is shown on the photograph included at Page 35 of this Statement.

Gas is delivered through a short delivery line F-43 into which gas flows from line F-44 or from line F-1 (via F-9), this point being identified as "W" on the Field Line Map. These lines and delivery point are shown on the Schematic Diagram of Deliveries.

The gas flows out of line F-43 to the delivery point at between 200 and 225 pounds pressure at the present time.

Near the point of delivery the gas passes through orifice meter runs operated by the Interstate Company, a photograph of these meter runs and of the meter house being included at Page 36 of this Statement.

After passing the delivery point at the outlet of Interstate's meters, the gas enters a header owned by the Memphis Natural Gas Company and may there be intermingled with gas delivered by other producers. The gas then flows through scrubbers into the suction header of the compressor station. All of the gas is compressed by the compressor engines, a photograph of these high-stage engines being included at Page 37. The compressors discharge the gas at pressures up to 400 pounds.

The gas, following compression, is discharged into the discharge header and then passes through cooler into the main transmission line. It is then transported through this line to points of delivery in Arkansas and Tennessee.

4. United Gas Pipe Line Company.

A portion of the gas gathered in the Monroe Field is delivered and sold by the Interstate Company to the United Gas Pipe Line Company at the intake lines of the DeSiard Compressor Station. These lines are shown upon the DeSiard Compressor Station Layout Sketch. This is point "Z" on the Field Line Map. A general exterior view of DeSiard is included at page 38.

The gas so delivered and sold flows through scrubbers, a photograph of which is included at page 39, into the suction headers of the Compressor Station. It is then compressed by the compressor engines, a photograph of which is included at page 40. The compressors discharge the gas at pressures up to 360 pounds.

The gas, following compression, is discharged through coolers into the discharge header and then flows into the main transmisssion line. It is then transported through this line to Baton Rouge.

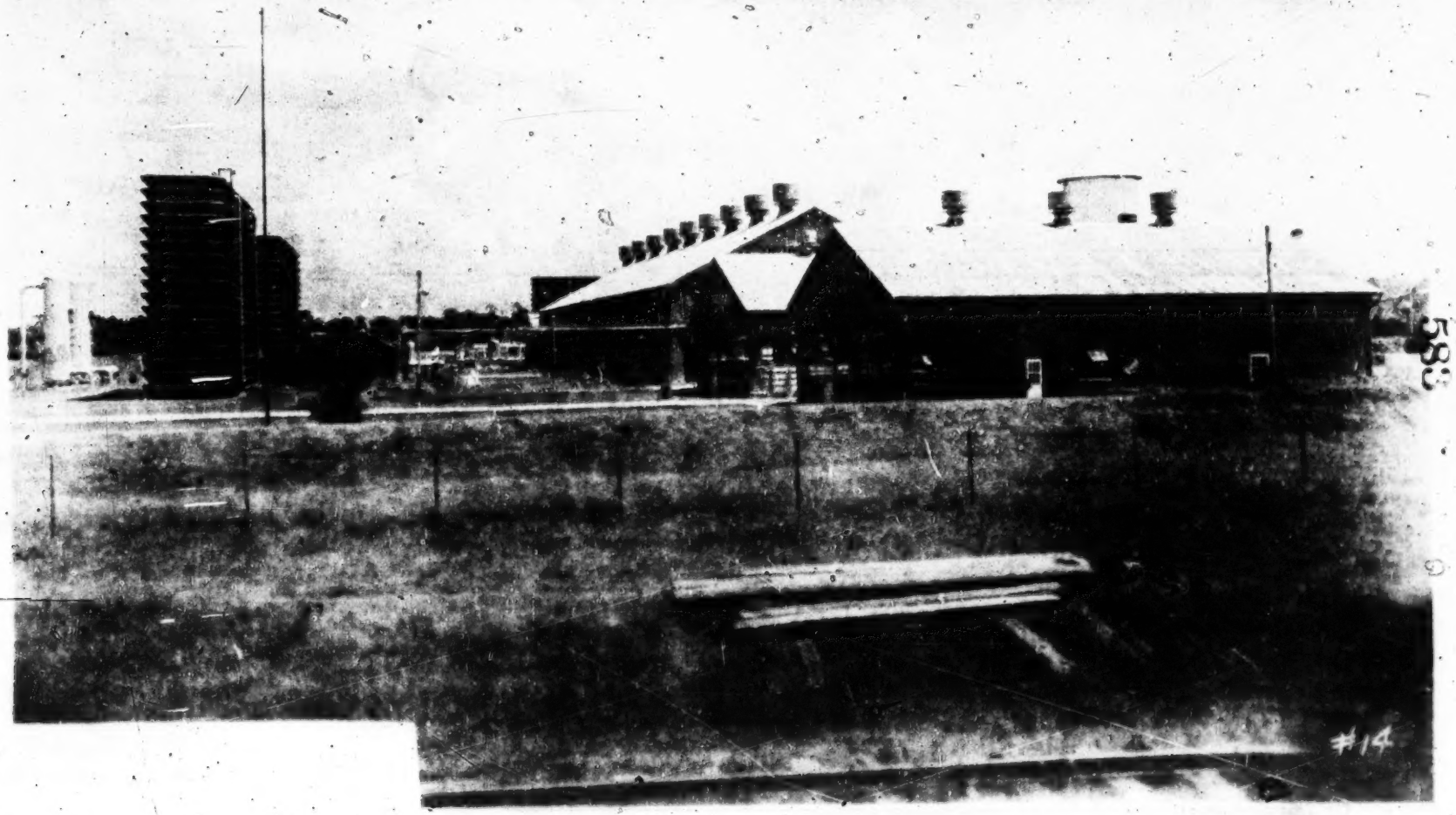
5. Transmission Line T-9.

Transmission line T-9 is connected with the field gathering line F-33. Gas flowing through line F-33 at approximately 380 pounds pressure is delivered into the transmission line T-9 at approximately 360 pounds pressure. The gas is then transported south and is delivered into the 22-inch transmission line at Alto, 22.39 miles south of DeSiard Station.

6. DeSiard Compressor Station.

The remaining gas gathered in the field is delivered through various lines into the Company's DeSiard Compressor Station. It is then scrubbed, compressed, cooled, and discharged in a manner similar to that described above under Paragraph 4.

582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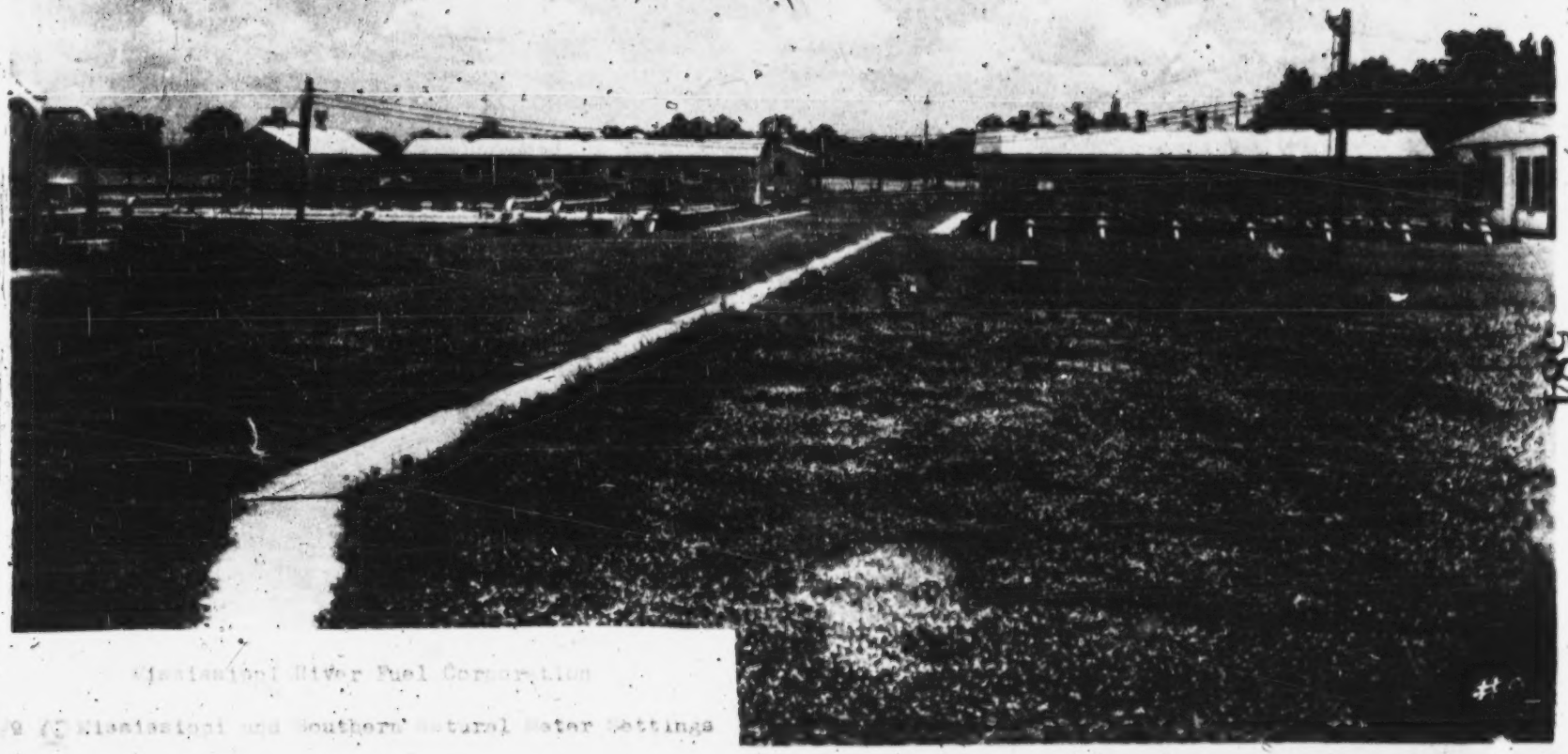

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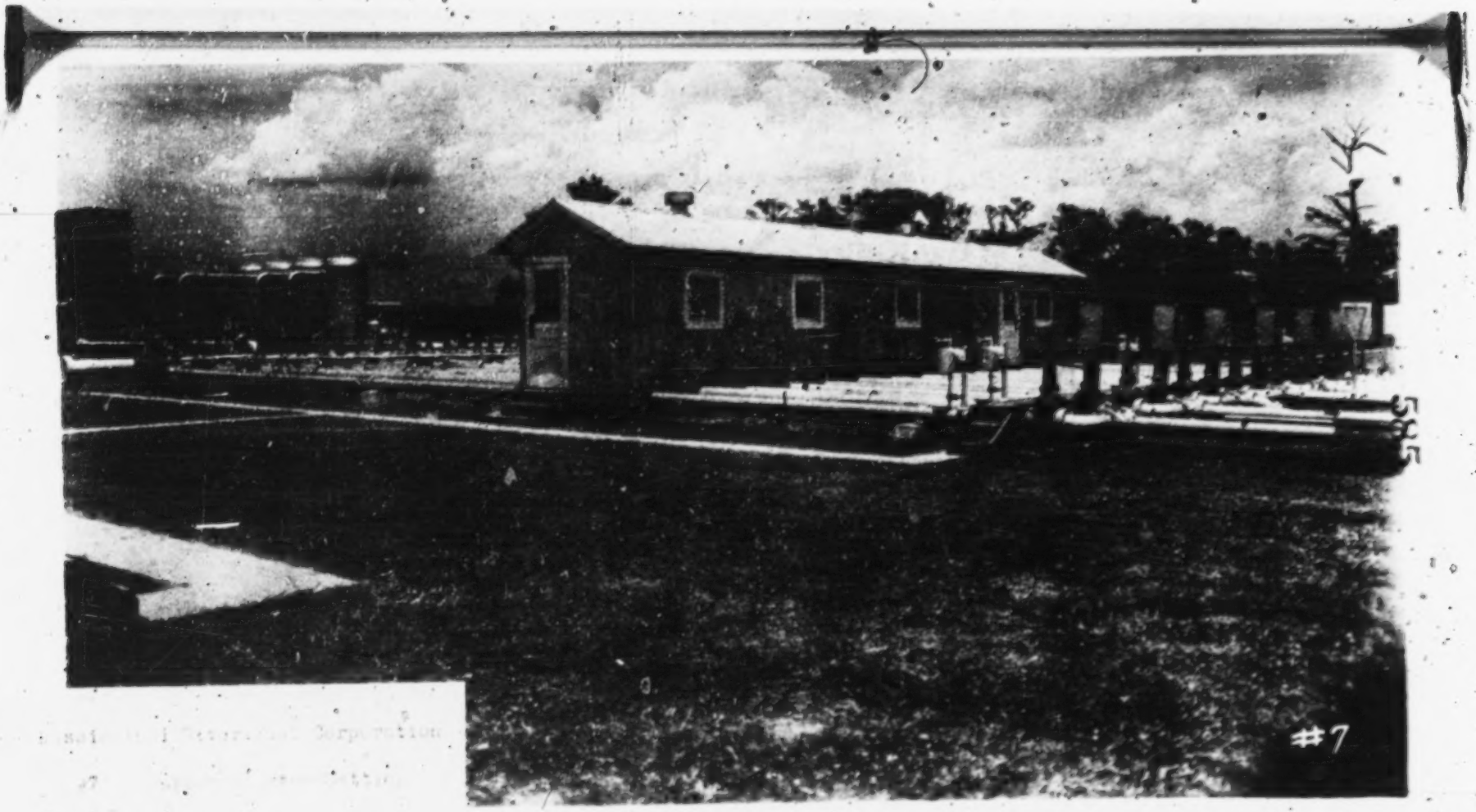
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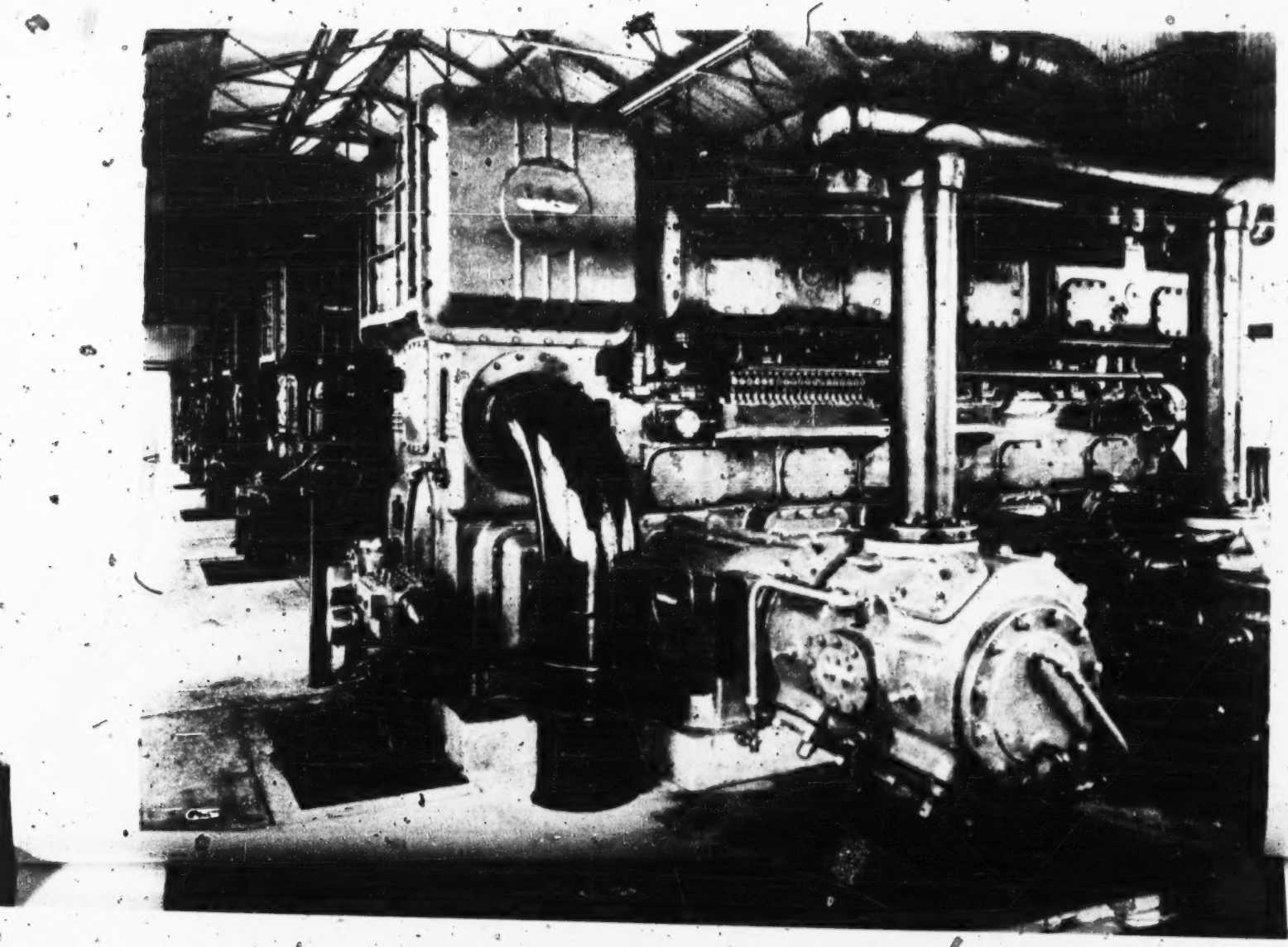

Mississippi River Fuel Corporation

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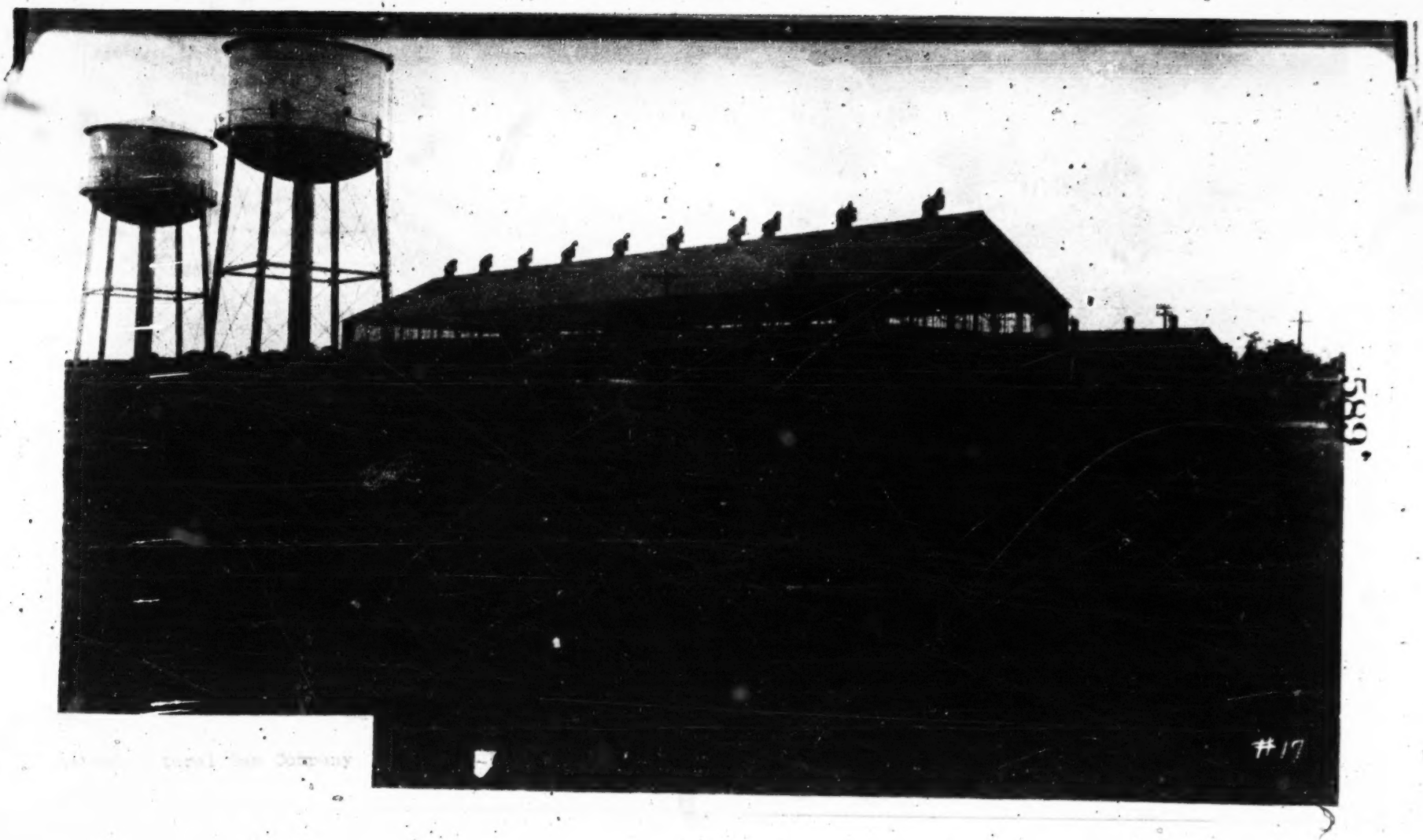

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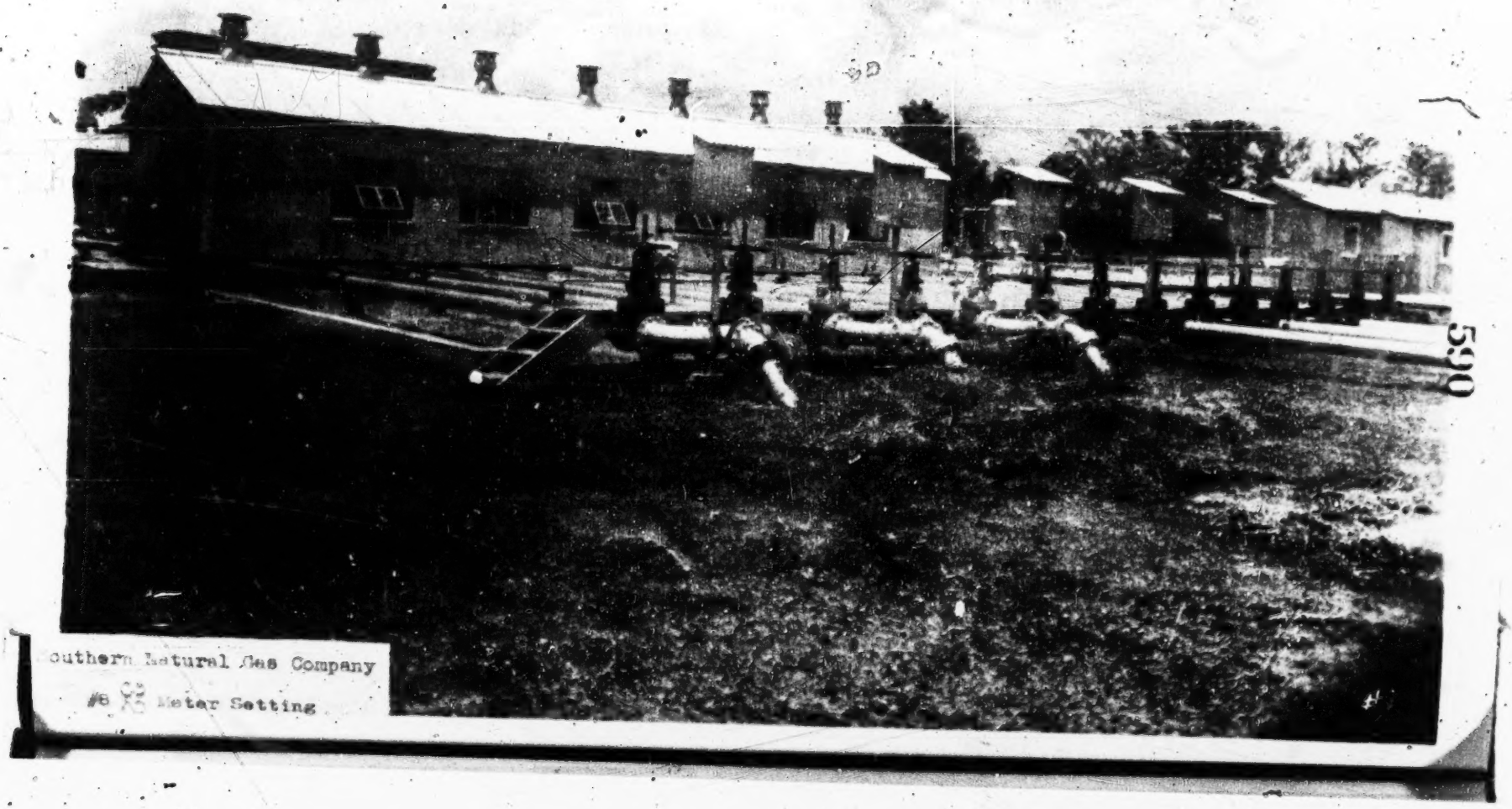

Southern Natural Gas Company

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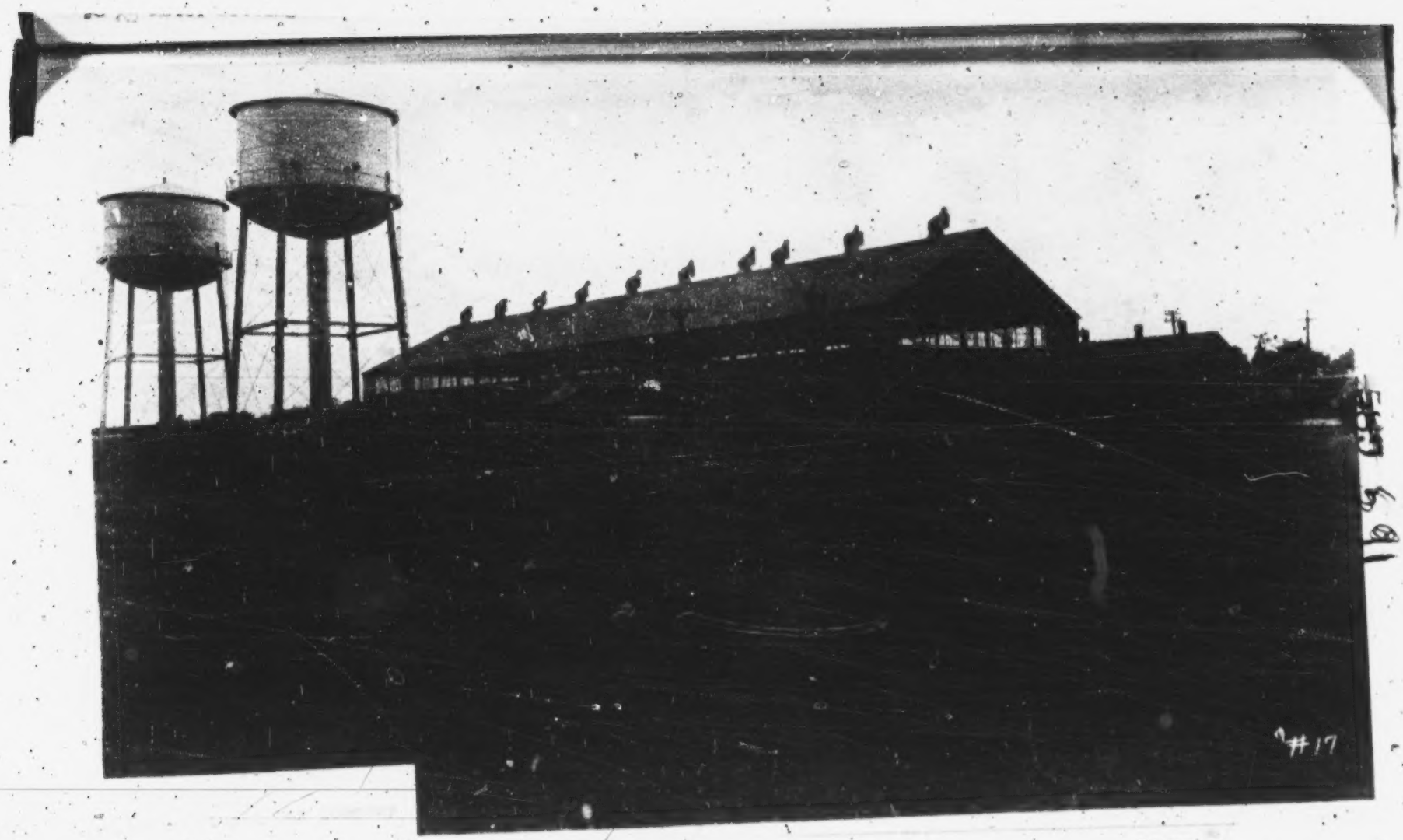
590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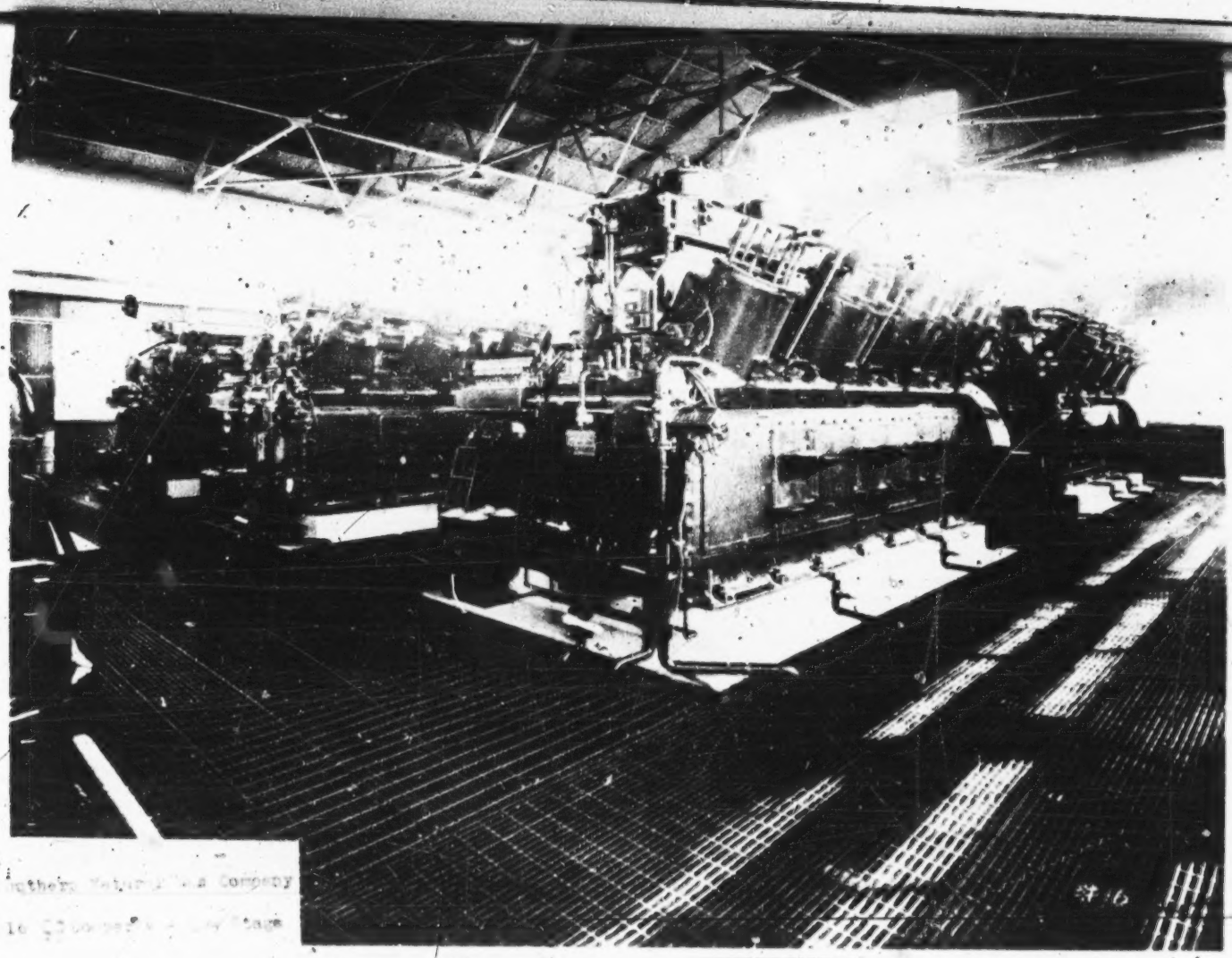
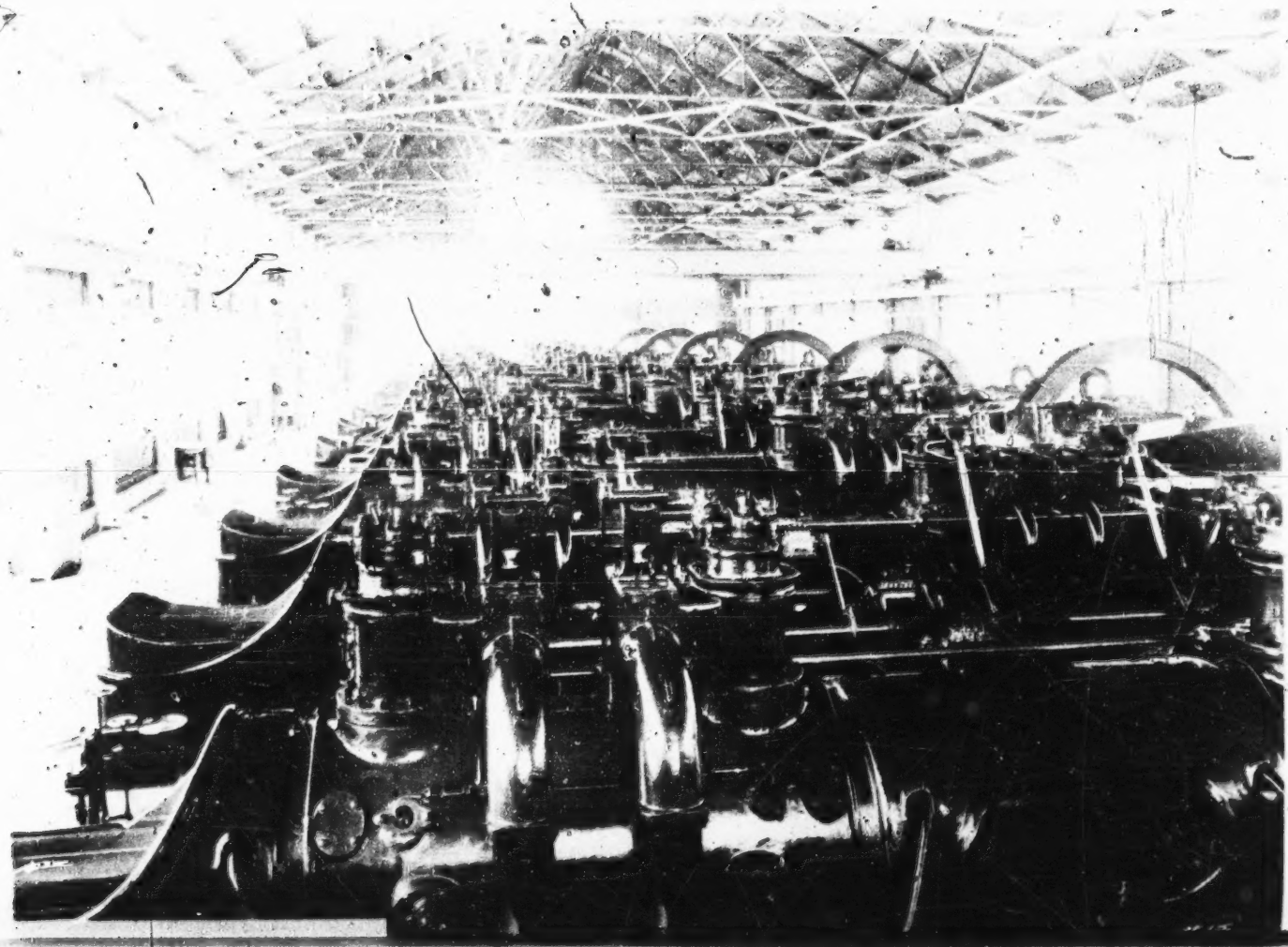
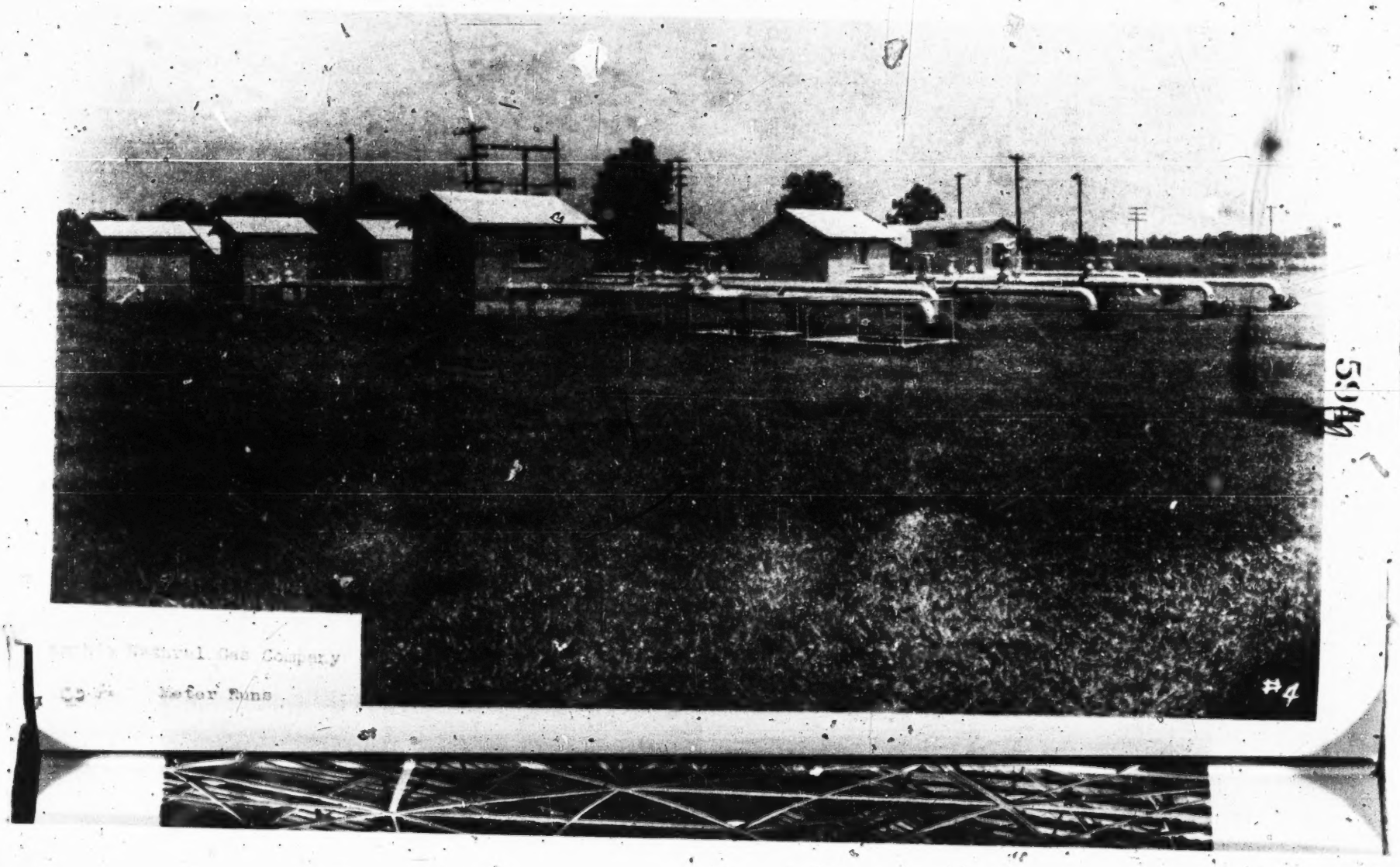
590

#8-75 Water Cutting



Synthetic Natural Gas Company

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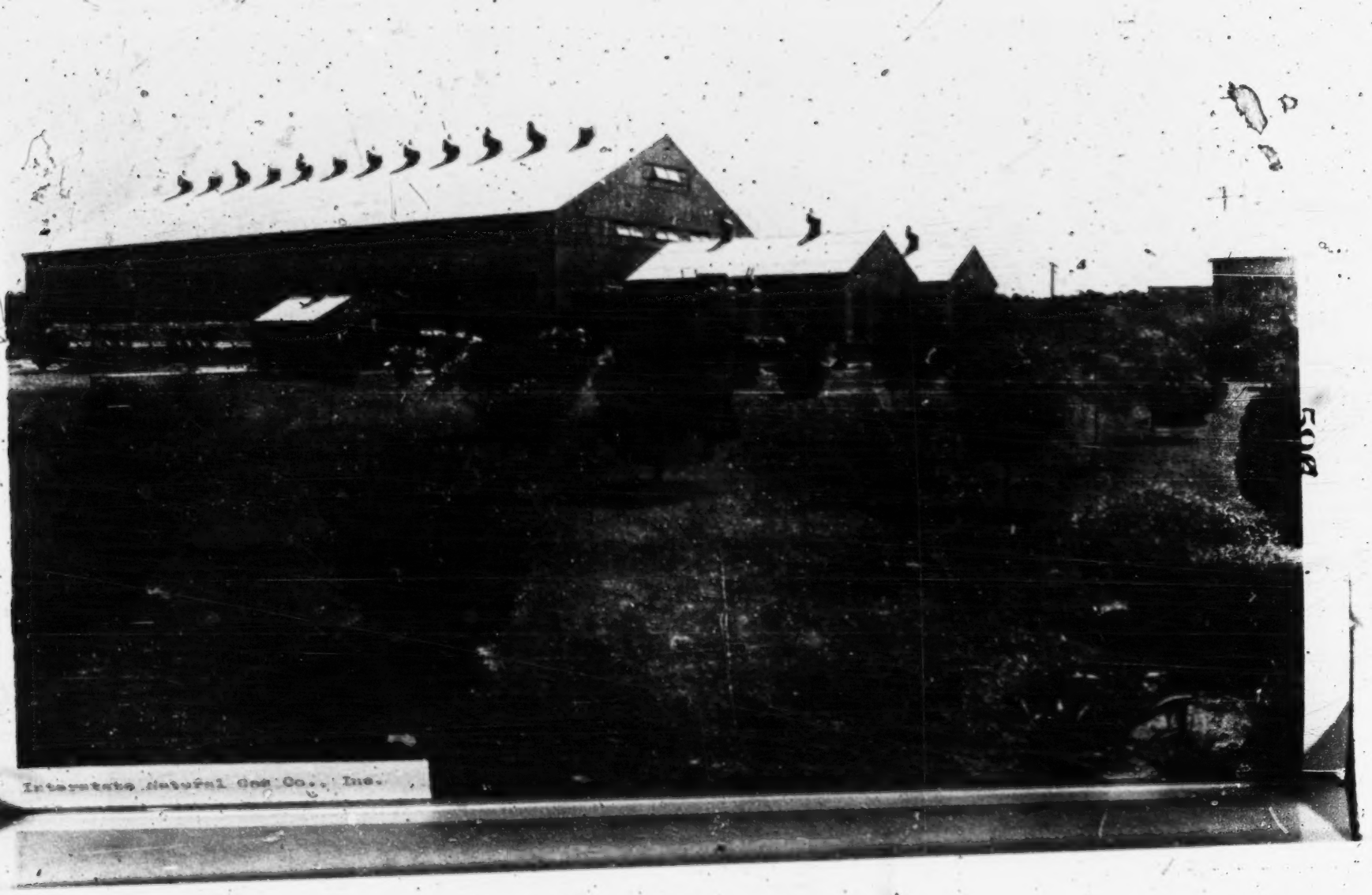
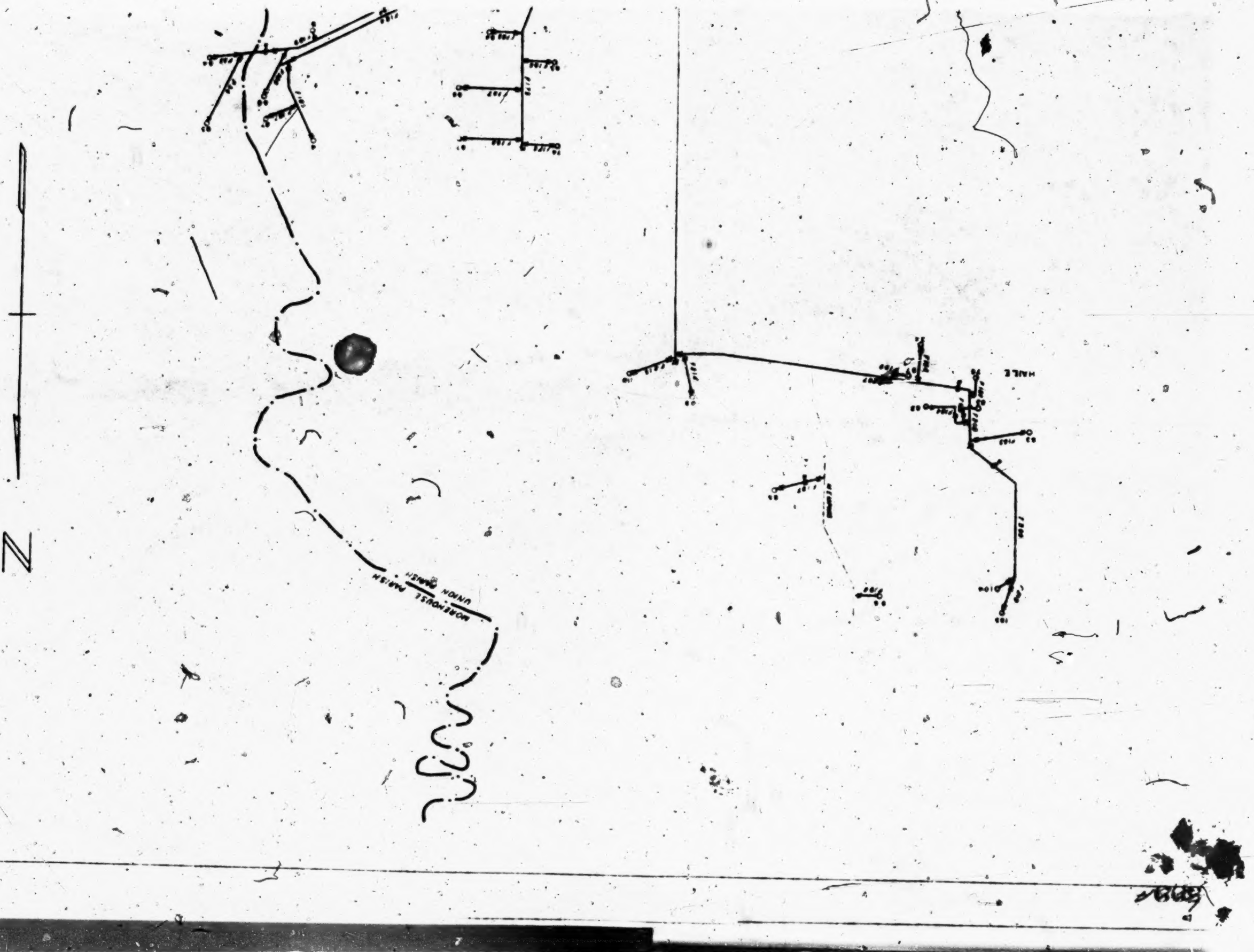
#6

Courtesy of Natural Gas Pipeline


Interstate Natural Gas Co., Inc.

#3


N
WOREHOUSE PARISH
UNION PARISH

F-1-C

3a CARB. 8"

F-1

A&L M. RY.

HOPE 6"

F-43

F-9

U.G. Co. 6"

S.C. Co. 8"

U.G. Co. 12"

U.G. Co. 18"

M.N.G. 16"

M.N.G. 16"

Z

COMPRESSOR STATION

F-1, F-9, F-43, F-44, F-1-C

COMPRESSOR STATION SOUTHERN NATURAL

F-33

F-33A

F-33B

SOUTHERN NATURAL

STATELINE WAY - 11

A&L M. RY.

F-1

So. Nat'l 10"

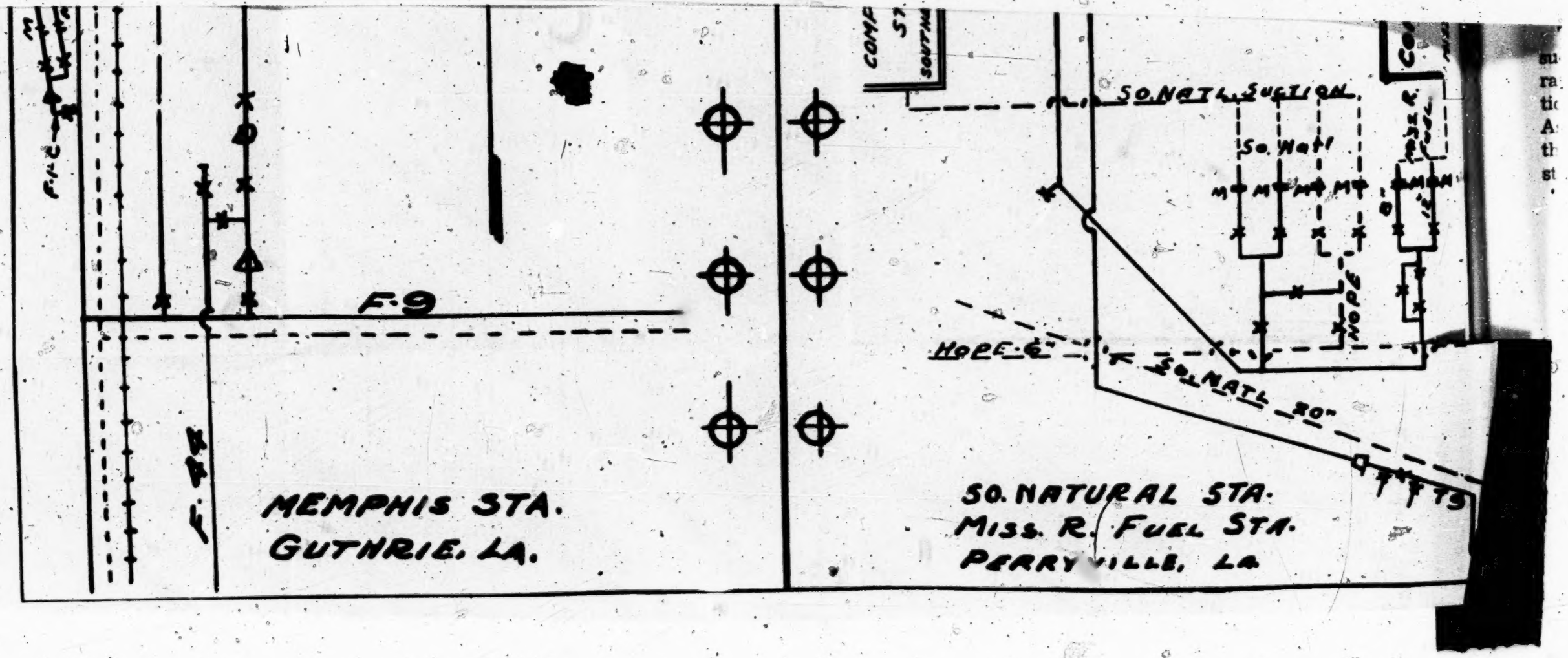
So. Nat'l 10"

MSR. FUEL

COMPRESSOR STATION MISSISSIPPI RIVER FUEL

F-1, F-33 & F-33A F-33B, T-9.

N


F-9
MEMPHIS STA.
GUTHRIE. LA.
SO. NATURAL SUCTION
SO. NATURAL 20"
SO. NATURAL STA.
MISS. R. FUEL STA.
PERRYVILLE, LA

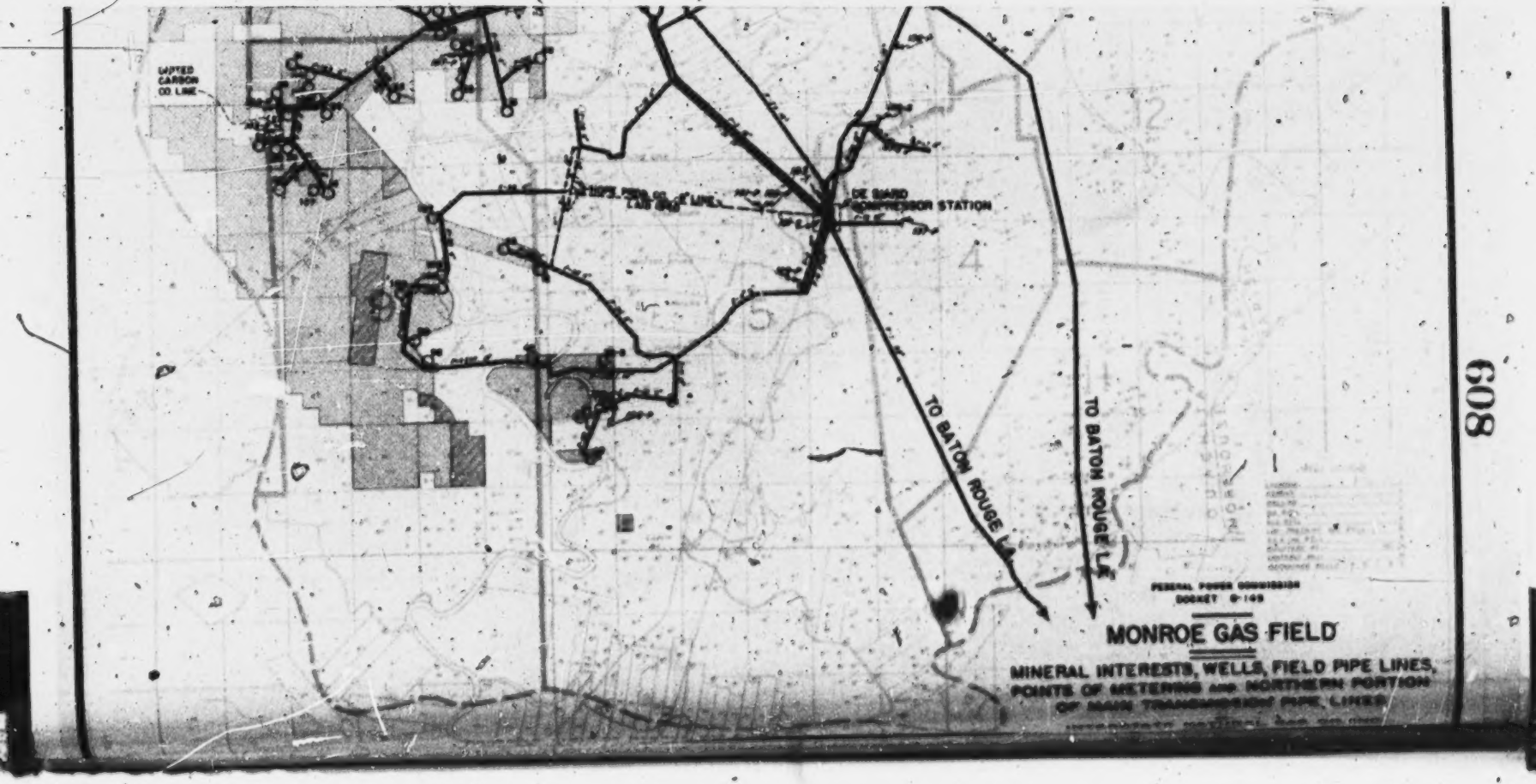

LIFTED CARBON CO LINE
DE SOTO COMPRESSOR STATION
TO BATON ROUGE LA.
TO BATON ROUGE LA.
FEDERAL POWER COMMISSION
DOCKET G-149
MONROE GAS FIELD
MINERAL INTERESTS, WELLS, FIELD PIPE LINES,
POINTS OF METERING and NORTHERN PORTION
OF MAIN TRANSMISSION PIPE LINES

EXHIBIT No. 49.

Federal Power Commission.

Washington, D. C.

G-149.

Interstate Natural Gas Co., Inc.

Properties and Operations

of the

Interstate Natural Gas Co., Inc.

Federal Power Commission, Docket No. ..... Exhibit No. 49 (for Identification). Date Identified 6/19/42.

Witness: Paul C. White.

Federal Power Commission. Docket No. G-132 et al. Hearing Ex. No. 49. 6/19/42.

Docket G-149.

Interstate Natural Gas Co., Inc.

The Commission, under date of December 5, 1939, issued an order of investigation into and concerning all rates, charges, classifications, rules, regulations, practices, or contracts of Interstate Natural Gas Co., Inc. As a result thereof, and pursuant to instructions from the Commission a statement of the operations of Interstate Natural Gas Co., Inc. has been made for the pur-

pose of setting forth the pertinent facts concerning matters involved in this investigation by the Commission.

PAUL C. WHITE,
Witness.

Approved:
H. KINDER,
Chief, Division of Rates and Research.
CHAS. D. SMITH,
Chief, Bureau of Accounts, Finance and Rates.

Docket G-149.

Interstate Natural Gas Co, Inc.

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Wells and Field Pipe Lines.

As of December 31, 1941, the Interstate company owned 110 wells in the Monroe Gas Field. As of that date one well was of such low pressure that it had not fed into the field pipe lines for a period of four years. Three wells were connected into the field pipe lines of Southern Carbon Company in the Monroe Gas Field. Two wells were connected into the field pipe lines of Southwest Gas Producing Company, a subsidiary of Memphis Natural Gas Company, and two wells were connected into the field pipe lines of Hope Producing Company for redelivery into Interstate Natural Gas Company's field pipe lines.

Exclusive of the above-mentioned eight wells, the remainder of the wells was connected to the Interstate company's integrated field pipe lines which are operated as five pipe line units: one, a high pressure unit, operating at approximately 360 pounds per square inch; and the other four are low pressure units operating at approximately 110, 145, 165, and 220 pounds per square inch. Seventy of the Interstate company's wells are connected to the four low pressure pipe line units which deliver gas to the De Siard Compressor Station. Thirty-two of the company's wells are connected to the high pressure unit which delivers gas directly without compression or regulation into Pipe Line T-9 (16" diam.) near Perryville, Louisiana. Line T-9 (16" diam.) delivers gas without compression in Line T-1 (22" diam.) at a point near Alto, Louisiana, some 18 miles from the De Siard Compressor Station.

The Interstate company purchases gas from operators in the Monroe Gas Field at the well head and at central

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General Statement.

The purpose of this exhibit is to describe the property and operations of the Interstate Natural Gas Company, Inc.

The Interstate Natural Gas Company, Inc. is a natural gas company which operates in the States of Louisiana and Mississippi. The Interstate company owns and operates 110 gas wells in the Monroe Gas Field and gathers this gas in the field and transports it from the said Monroe Gas Field, located in northeast Louisiana, through a 22-inch transmission pipe line (looped), into the State of Mississippi and back into the State of Louisiana to Baton Rouge, Louisiana.

While transporting this gas from the Monroe Gas Field to Baton Rouge, Louisiana, the Interstate company sells gas directly to industrial customers and to distribution companies for resale to domestic, commercial, and industrial customers in the State of Louisiana between the Monroe Gas Field and the State of Mississippi, in the State of Mississippi, and in the State of Louisiana after the gas has been transported through the State of Mississippi.

The Interstate company delivers gas to the United Gas Pipe Line Company at Baton Rouge, Louisiana, and the United Gas Pipe Line Company transports this gas to New Orleans, Louisiana, and en route delivers gas to customers of the Interstate company along its main transmission pipe line between Baton Rouge and Destrehan, Louisiana. These sales of the Interstate company between Baton Rouge and Destrehan, Louisiana,

points along its own field pipe lines. It also sells gas in the Monroe Field from its integrated pipe lines to three pipe line companies.

During the year 1941, the company purchased in the Monroe Field almost as much gas as it produced in the same field, and its deliveries to the three pipe line companies in the Monroe Field almost equaled the amount of gas which was purchased in that field.

The Interstate company's field pipe lines are dendritic in pattern, taking gas from wells through 4-inch pipe lines which deliver the gas into trunk lines of greater diameter, which in turn deliver the gas to the company's De Siard Compressor Station, to Line T-9, and to the three pipe line companies.

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Field Operations.

The gas balance and demand analysis reflect operations of the Interstate company on a physical basis and all volumes of gas shown represent total volumes at each point of metering without regard to contractual volumes at points of receipt and delivery.

In Monroe Gas Field the Interstate company receives and delivers a considerable volume of gas on an exchange basis. The volumes of gas shown in these analyses adjusted for exchange gas result in the volumes used by the Interstate company for billing purposes.

Gas is received from the Hope Producing Company and Southern Carbon Company on an exchange basis in

are sales directly to industrial customers and to distribution companies for resale for domestic consumption and industrial customers.

The Interstate company sells natural gas to the Mississippi River Fuel Corporation, Memphis Natural Gas Company, and Southern Natural Gas Company at various points which are described in detail hereinafter. These companies are natural gas pipe line companies that transport gas in interstate commerce and sell gas directly to customers and to distribution companies for resale to domestic, commercial, and industrial customers outside the State of Louisiana.

The Interstate company purchases natural gas from gas producers in the University, La Pice, and La Place Fields, which are located south of Baton Rouge, Louisiana, and delivers this gas into the main transmission pipe line system of the United Gas Pipe Line Company between Baton Rouge and New Orleans, Louisiana.

The Interstate company and the United Gas Pipe Line Company jointly purchase gas from gas producers in the Lirette, Lake Long, Du Large, and Raceland Fields and transport this gas through a jointly owned and operated transmission pipe line system to the main transmission pipe line owned by the United Gas Pipe Line Company between Baton Rouge and New Orleans, Louisiana.

The Interstate company and the United Gas Pipe Line Company jointly purchase gas from gas producers in the La Fitte Field and transport this gas through a jointly operated and jointly leased pipe line from the La Fitte Field to Marrero, Louisiana, which is in the environs of New Orleans, Louisiana.

accordance with contractual agreements between the Interstate company and these companies.

The Interstate company produces gas from its Wells Nos. 102 and 103 into Line F-39 (4" diam.) which delivers gas into a field line owned by Hope Producing Company. Hope Producing Company also produces gas from its own wells into this same field line. The Hope company delivers all gas received into this pipe line to the Interstate company at De Siard Compressor Station. This gas is metered at the Cole Meter Station (160-P and 161-P). By oral agreement the gas received at Cole Meter Station is accounted for as (1) Interstate company gas produced by Wells 102 and 103, (2) gas purchased by Interstate company from Hope Producing Company, and (3) gas received by Interstate company for delivery to Southern Natural Gas Company, Mississippi River Fuel Corporation, and Memphis Natural Gas Company for the account of Hope Producing Company.

The gas delivered to Interstate company at Cole Meter Station is low pressure gas and is commingled with other Monroe Field gas at De Siard Compressor Station. At De Siard Compressor Station this gas may be compressed and discharged into Transmission Line T-1 (22" diam.) or it may be by-passed uncompressed through Line F-1 (16" diam.) and delivered to Southern Natural Gas Company at the inlet side of its Perryville Compressor Station and to Mississippi River Fuel Corporation at the inlet side of its Perryville Compressor Station, or it may be delivered by way of Lines F-44 (12" diam.) and F-43 (8" diam.) to the Memphis Natural gas Company at its Guthrie Compressor Station.

The following tabulation shows this distribution for the calendar year 1941:

The Interstate company owns one compressor station (De Siard Station) in the Monroe Gas Field which compresses low pressure gas which the Interstate company produces and purchases in the Monroe Field and transports from the field through pipe line T-1. It also owns another compressor station (Brock Station) located approximately halfway between the Monroe Gas Field and Baton Rouge, Louisiana. This compressor station compresses gas when the load on the system requires it.

The load center of the main transmission pipe line (T-1) of the Interstate company is in the environs of Baton Rouge, Louisiana, where large sales to industrial customers and deliveries are made to the United Gas Pipe Line Company.

To illustrate these operations, I have had prepared under my direction the following data:

(a) A schematic map showing the pipe lines of the Interstate company in the Monroe Gas Field and all points where gas is received and delivered.

(b) A schematic map of the main transmission pipe line (T-1) of the Interstate company, showing points where gas is received and delivered.

(c) Flow diagrams based upon annual gas deliveries by the Interstate company during the calendar years 1939, 1940, and 1941.

(d) Flow diagrams based upon gas deliveries on the coincidental maximum demand days, November 15, 1940 and January 8, 1942.

Meter Point	Location	MCF 1941	Remarks
Hope Producing Co. (Press. Base: 14.4 Lbs. Atmos. plus 10 Oz)			
160-P 161-P	Hope Producing Co. Cole Meter Station	4,262,048	Gross delivery to I. N. G. Co.
101	I. N. G. Co. Well No. 102	(187,054)	I. N. G. Co. Production.
102	I. N. G. Co. Well No. 103	(198,259)	I. N. G. Co. Production.
161-P	Hope Producing Co. Cole Meter Station	(1,107,757)	Gas Purchased by I. N. G. Co. from H. P. Co.
160-P	Hope Producing Co. Cole Meter Station	(2,768,978)	Gas received by I. N. G. Co. under Exchange agreement.
Total		—0—	
160-P	Fairbanks Wells During M. R. F. Corp Line Break	760	Gas received by I. N. G. Co. for Exchange.
Exchange Deliveries by I. N. G. Co. for Hope Producing Co. (Press. Base: 14.4 Lbs. Atmos. plus 10 Oz.)			
160-P	Hope Producing Co. Cole Meter Station.	2,769,738	Gas received by I. N. G. Co. under Exchange agreement.
176-S	Southern Nat. Gas Co. Perryville Comp. Station.	(2,164,280)	Gas delivered by I. G. Co. for Hope Producing Co.
177-S	Miss. River Fuel Corp. Perryville Comp. Station.	(2,809)	Gas delivered by I. N. G. Co. for Hope Producing Co.
178-S	Memphis Nat. Gas Co. Guthrie Comp. Station.	(602,652)	Gas delivered by I. N. G. Co. for Hope Producing Co.
Total		(3)	Difference due to conversion to uniform pressure base.

612

613

(e) A gas balance showing the annual volumes of gas received and delivered by the company, and the indicated loss or gain from 1926 through 1941.

(f) A coincidental maximum 24-hour demand analysis of the gas delivered by the Interstate company on system peak days experienced by the company from 1935 through 1941.

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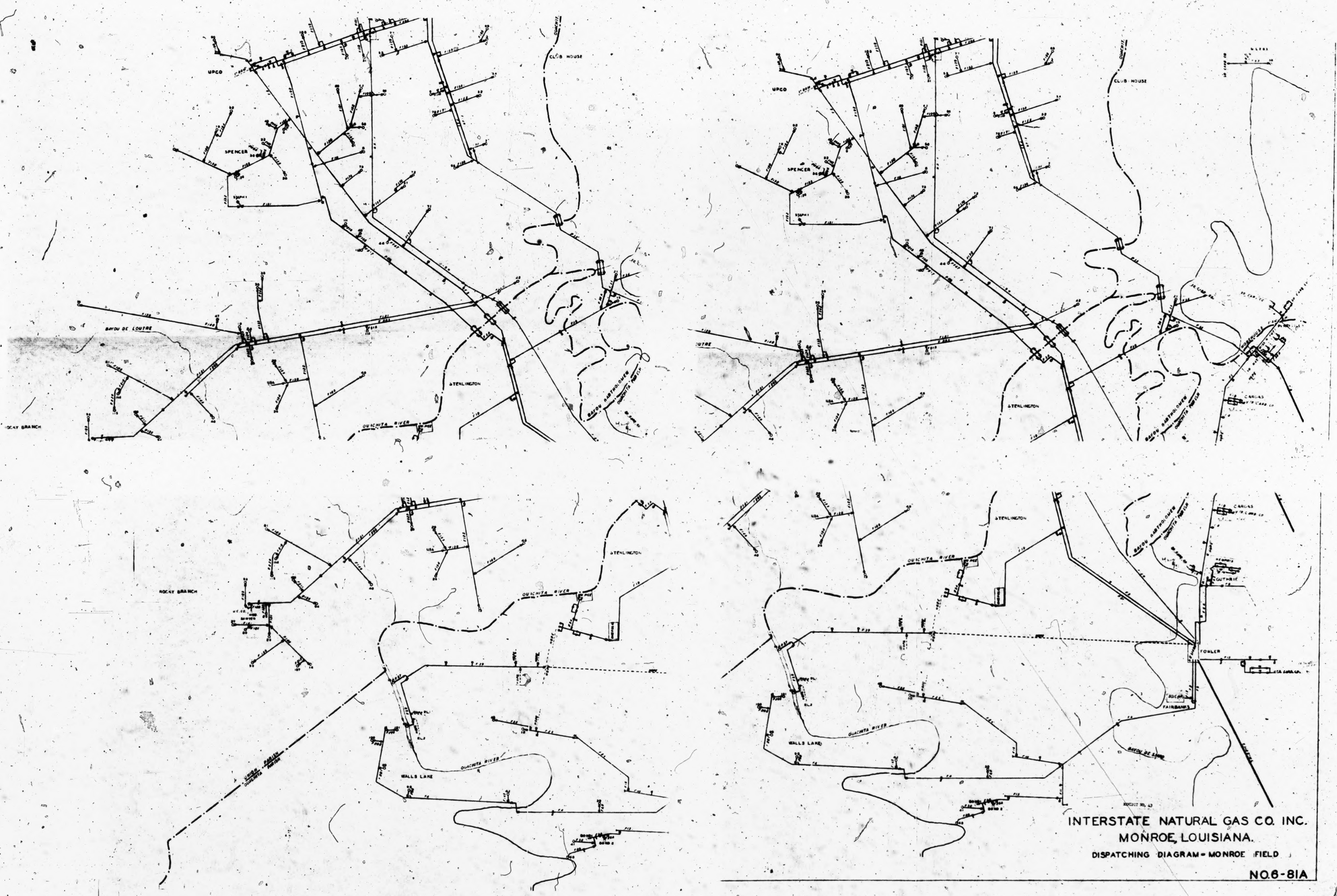
Map of Monroe Gas Field Showing Mineral Interests, Wells, Field Pipe Lines, Points of Metering, and Northern Portion of Main Transmission Pipe Lines of Interstate Natural Gas Company, Inc. as of December 31, 1941.

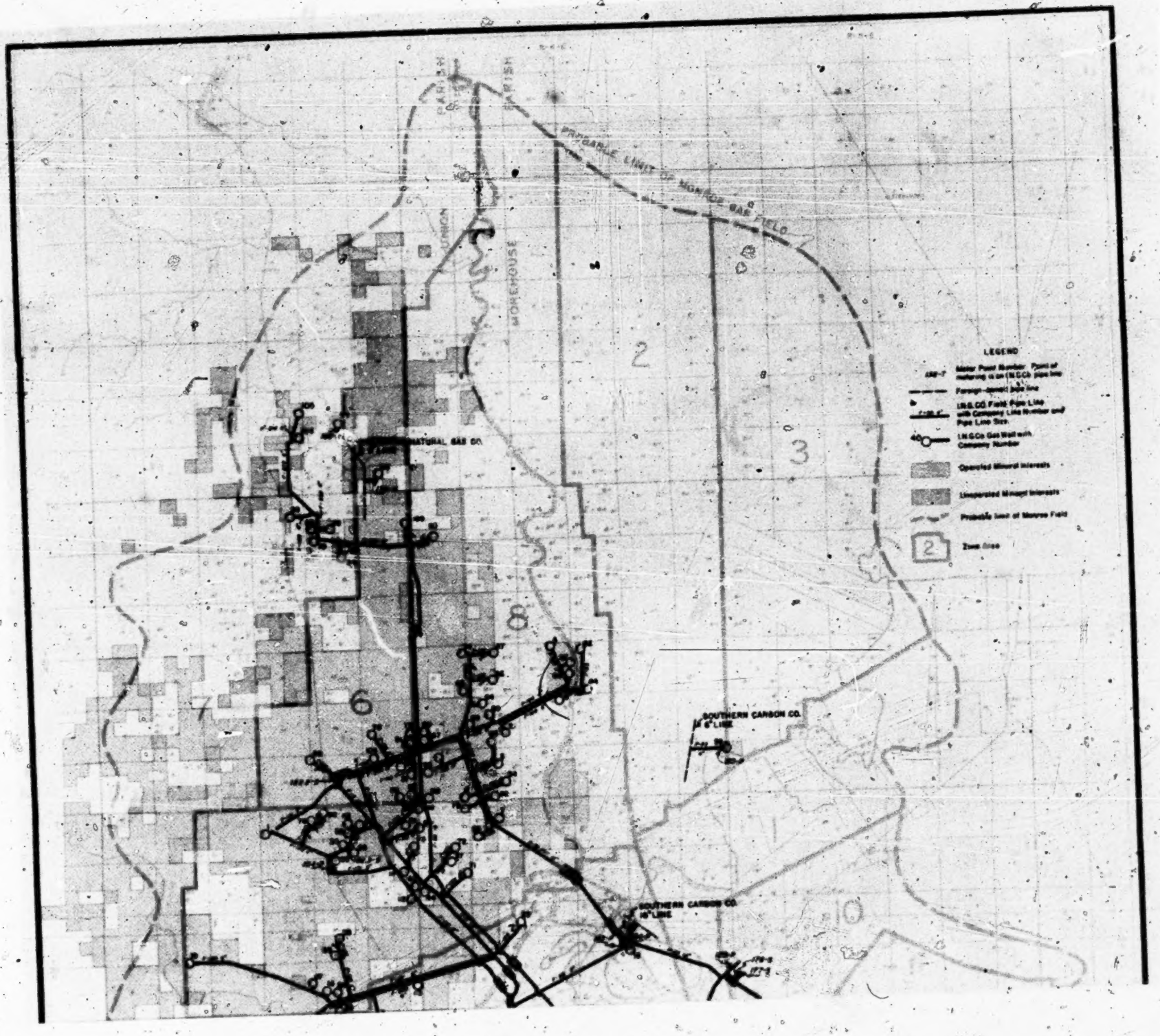
This map shows the field pipe lines of the Interstate company in the Monroe Gas Field, the interconnections within the field which, together with its main transmission pipe line extending to Baton Rouge, Louisiana, make it an integrated system.

All metering points on this map are designated either by Interstate company well number or by a metering point number which correspondes to the numbers used in the gas balance, and demand analysis.

It will also be noted that for each pipe line there is shown the company designation and the nominal pipe diameter. Also shown on this map is the location of the De Siard Compressor Station at Fowler, Louisiana, and the Lines T-1 and T-9 insofar as the limits of the map will allow. All pipe lines and wells were plotted on this map from maps furnished by the Interstate company.



INTERSTATE NATURAL GAS CO. INC.
MONROE, LOUISIANA.
DISPATCHING DIAGRAM - MONROE FIELD
NO.6-81A


PROBABLE LIMIT OF MONROE GAS FIELD
CARROLL
UNION
MOREHOUSE
NATURAL GAS CO.
SOUTHERN CARBON CO.
SOUTHERN CARBON CO.
LEGEND
Operated Mineral Interests
Unoperated Mineral Interests
Probable Limit of Monroe Field
Zone Area
1
2
3
5
6
7
8
10

The Interstate company produces gas from its Wells Nos. 15, 21, and 56 into field pipe lines owned by the Southern Carbon Company on an exchange basis. Southern Carbon Company also produces gas into its field pipe lines and delivers gas to the Interstate company at the Fairbanks Meter Station (129-P), Guthrie Meter Station (130-P), and Perryville No. 2 Meter Station (128-P).

The gas delivered to the Interstate company at the Fairbanks Meter Station (129-P) is considered to include exchange gas produced by Interstate's own wells and gas for sale to Interstate company. Gas received by the Interstate company at Fairbanks Meter Station is of low pressure and is delivered to the De Siard Compressor Station through pipe line F-2 (12" diam.) at 100 to 120 p. s. i. where the gas is compressed and discharged into Line T-1 (22" diam.). Approximately one-half of this gas is compressed by Southern Carbon Company's Fairbanks Compressor Station, located approximately one mile from De Siard Compressor Station, before delivery to Fairbanks Meter Station.

Southern Carbon Company delivers gas for sale to the Interstate company at Perryville No. 2 Meter Station (128-P) into Line F-1-A. Gas delivered into Line F-1-A (12" diam.) at this point normally flows south to the Southern Natural Gas Company and Mississippi River Fuel Corporation at their Perryville Compressor Stations. It is possible for gas received by the Interstate company into Line F-1-A (12" diam.) to continue its flow south to De Siard Compressor Station through Line F-1 (16" diam.), depending upon pressure differential at De Siard and Perryville.

The following tabulation shows exchange gas and gas sold to the Interstate company during the calendar year 1941 by Southern Carbon Company:

Southern Carbon Co.

(Press. Base: 14.4 Lbs. Atmos. plus 10 Oz.)

129-P	Southern Carbon Co. Fairbanks Meter Station.	7,619,388	Gross delivery to I. N. G. Co.
128-P	Southern Carbon Co. Perryville No. 2 Meter Station.	4,304,363	Gross delivery to I. N. G. Co.
14	*I. N. G. Co. Well No. 15	(98,808)	I. N. G. Co. Production.
20	*I. N. G. Co. Well No. 21	(116,338)	I. N. G. Co. Production.
55	*I. N. G. Co. Well No. 56	(76,686)	I. N. G. Co. Production.
	Total	11,631,919	Gas Purchased by I. N. G. Co.

* These wells produce gas into the field pipe lines of Southern Carbon Co.

The United Carbon Company sells gas to the Interstate company in the Monroe Gas Field at F-1 Meter Station (136-P), F-13 Meter Station (137-P) and Rabun No. 2 Well (145-P).

United Carbon Company delivers gas for sale directly into Line F-1 (16" diam.) at F-1 Meter Station (136-P). This gas is commingled with other Monroe Gas Field gas and normally flows north with the Interstate company's deliveries to Southern Natural Gas Company and Mississippi River Fuel Corporation at the Perryville Compressor Stations. It is possible for gas received by the Interstate company at F-1 Meter station to flow south to De Siard Compressor Station, depending upon the pressure differential at De Siard and Perryville.

At F-13 Meter Station, United Carbon Company delivers gas for sale into Interstate company's Line F-13 (12" diam.). This gas flows west to the De Siard Compressor Station where it is commingled with other Monroe Gas Field gas. At De Siard Compressor Station it may be compressed and discharged into Line T-1 (22" diam.) or it may be by-passed uncompressed into Line F-1 (16" diam.) for delivery to Southern Natural Gas Company and Mississippi River Fuel Corporation at their Perryville Compressor Stations, or it may be by-passed uncompressed at De Siard Compressor Station into Lines F-44 (12" diam.) and F-43 (8" diam.) for delivery to Memphis Natural Gas Company at its Guthrie Compressor Station.

United Carbon Company's third delivery to the Interstate company is at its Rabun No. 2 well (145-P) which is located on the west side of the Monroe Gas Field in

Sec. 32, T. 20 N. R. 3 E. The gas is metered at the Rabun No. 2 Well and transported through a United Carbon Company pipe line for a distance of approximately *one-fourth* mile where it is delivered into the Interstate company's field line.

The following tabulation shows the total amount of gas delivered by United Carbon Company to the Interstate company during the year 1941 with adjustments for exchange gas:

Meter Point	Location	MCF 1941	Remarks
United Carbon Co.			
	(Press. Base: 14.4 Lbs. Atmos. plus 10 Oz.)		
136-P	United Carbon Co. ..... F-1 Meter Station.	3,327,492	Gross delivery to I. N. G. Co.
137-P	Union Carbon Co. ..... F-13 Meter Station.	5,633,879	Gross delivery to I. N. G. Co.
145-P	United Carbon Co. ..... Rabun No. 2 Well.	238,743	Gross delivery to I. N. G. Co.
Total	.....	9,200,114	Gas Purchased by I. N. G. Co.

The Interstate company sells gas to the Southern Natural Gas Company, Mississippi River Fuel Corporation, and to United Gas Pipe Line Company for the account of Memphis Natural Gas Company. All of these companies are natural gas pipe line companies that transport all or part of the gas they receive from the Interstate company to points outside the State of Louisiana and sell all or part of this gas for resale.

The Southern Natural Gas Company owns production properties in the Logansport Field and transports this gas to the discharge side of Perryville Compressor Station in Monroe Gas Field. The Southern company owns no production properties in the Monroe Gas Field. It purchases gas from the Interstate company and other gas companies at the intake side of its Perryville Compressor Station in the Monroe Gas Field and transports this gas with gas produced in the Logansport Field by pipe line from the Monroe Gas Field in the State of Louisiana into the States of Mississippi, Alabama, and Georgia where it sells gas directly to customers and to distribution companies for resale to domestic, commercial, and industrial customers.

The Mississippi River Fuel Corporation owns no production properties in the Monroe Gas Field. It purchases gas from the Interstate company and other gas companies at the intake side of its Perryville Compressor Station in the Monroe Gas Field and transports this gas by pipe line from the Monroe Gas Field in the State of Louisiana into the States of Arkansas, Missouri, and Illinois where it sells gas directly to customers and to distribution companies for resale to domestic, commercial, and industrial customers.

The Memphis Natural Gas Company through its subsidiary, Southwest Gas Producing Company, owns production properties in the Monroe Gas Field but purchases most of its supply from the Interstate company and other gas companies at the intake side of its Guthrie Compressor Station in the Monroe Gas Field and transports this gas by pipe line from the Monroe Gas Field in the State of Louisiana into the States of Arkansas, Mississippi, and Tennessee where it sells gas directly to customers and to distribution companies for resale to domestic, commercial and industrial customers. All of the Interstate company's deliveries of gas to Memphis Natural Gas Company are for the account of United Gas Pipe Line Company which has a contract with Memphis Natural Gas Company.

All of Interstate's deliveries to Southern Natural Gas Company, Mississippi River Fuel Corporation, and Memphis Natural Gas Company are made for the account of Interstate and Hope Producing Company.

The following tabulation shows the total gas delivered to each of the above companies with exchange deductions for the account of Hope Producing Company:

Meter Point	Location	MCF 1941	Remarks
Southern Natural Gas Co.			
	(Press. Base: 14.4 Lbs. Atmos. plus 10 Oz.)		
176-S	So. Natural Gas. Co. ..... Perryville Comp. Station.	11,773,286	Gross delivered by I. N. G. Co.
160-P	Hope Producing Co. ..... Cole Meter Sta. Exchange.	(2,164,280)	Exchange gas delivered for account of H. P. Co.
Total	.....	9,609,006	Sold by I. N. G. Co. to Southern Nat. Gas Co.
Mississippi River Fuel Corp.			
177-S	Miss. River Fuel Corp. ..... Perryville Comp. Station.	8,260,092	Gross delivered by I. N. G. Co.
160-P	Hope Producing Co. ..... Cole Meter Sta. Exchange.	(2,809)	Exchange Gas delivered for account of H. P. Co.
Total	.....	8,257,283	Sold by I. N. G. Co. to Miss. River Fuel Corp.

Memphis Natural Gas Co.

178-S	Memphis Natural Gas Co..... Guthrie Comp. Sta.	4,240,818	Gross delivered by I. N. G. Co.
94	I. N. G. Co. Well No. 95.....	190,221	I. N. G. Co. Production.
95	I. N. G. Co. Well No. 96.....	168,602	I. N. G. Co. Production.
160-P	Hope Producing Co. ..... Cole Meter Sta. Exchange.	(602,652)	Exchange Gas delivered for account of H. P. Co.
Total	.....	3,996,989	Delivered by I. N. G. Co. to Memphis Natural Gas Co.

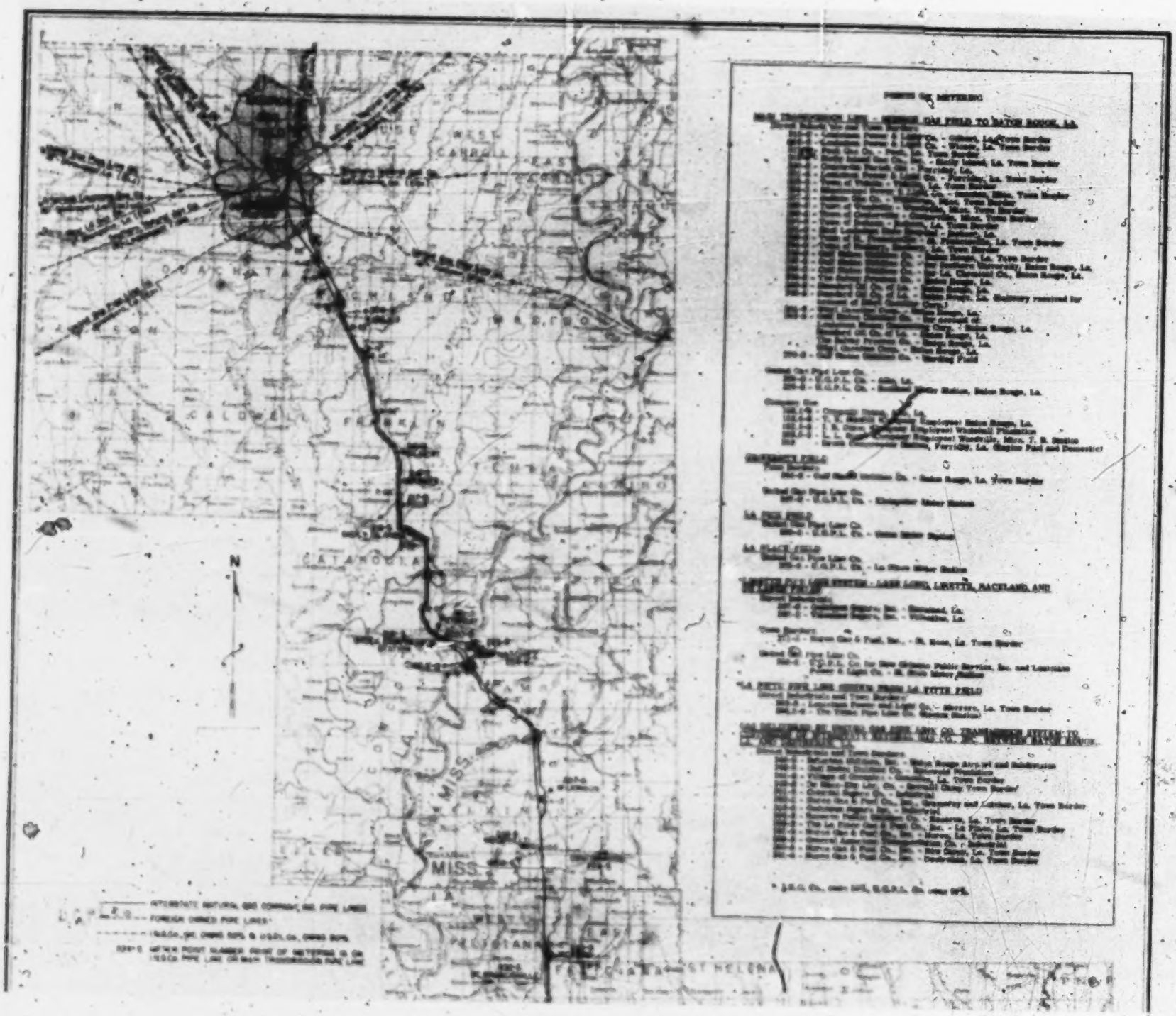
Docket G-149.

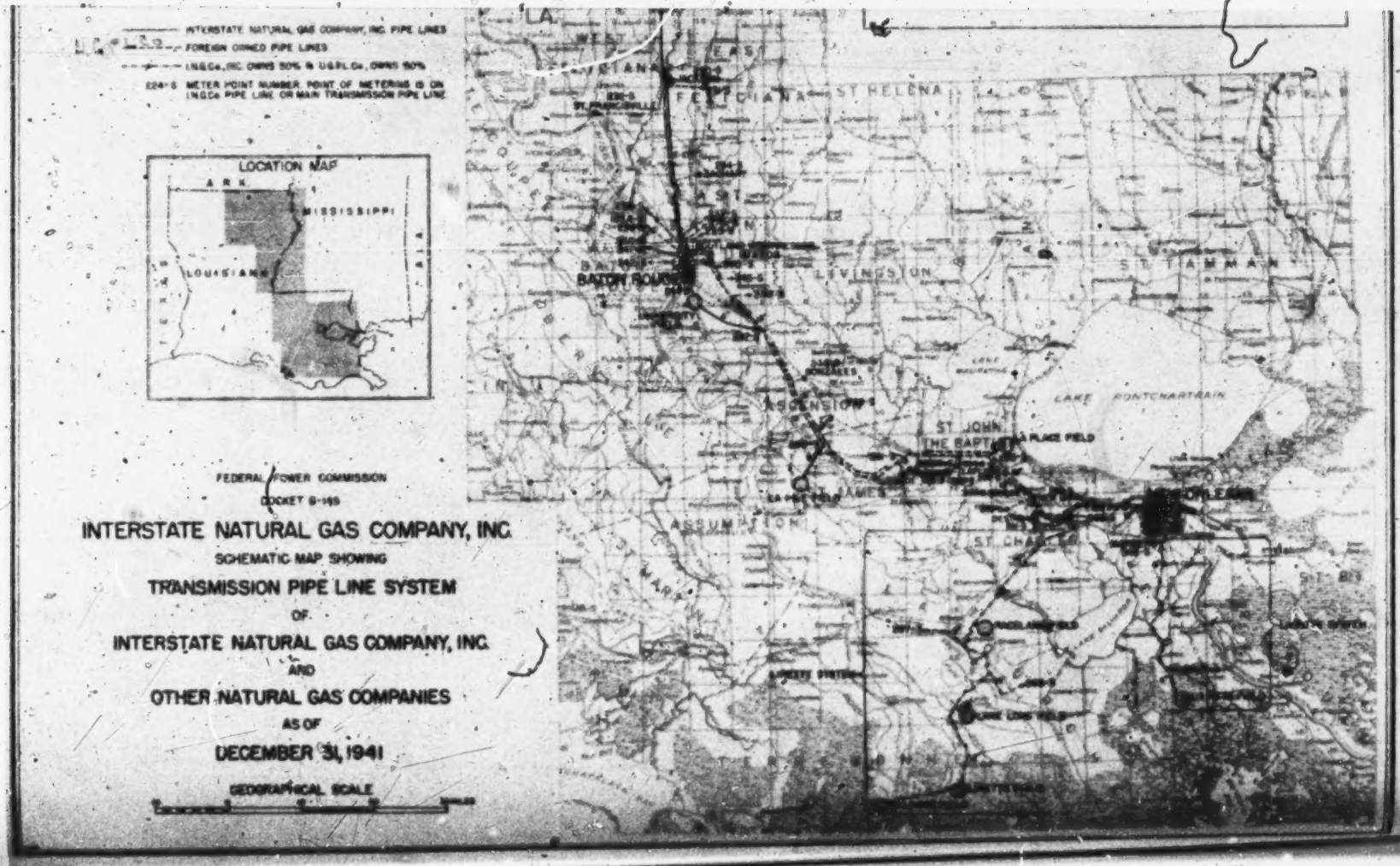
Schematic Map Showing Main Transmission Pipe Lines of Interstate Natural Gas Co., Inc. and Other Natural Gas Companies as of December 31, 1941.

This map shows the location of the Interstate company's main transmission pipe lines from the Monroe Gas Field to Baton Rouge, Louisiana, and the location of pipe lines owned by the Interstate company which extend from points of purchase in new gas fields south of Baton Rouge, Louisiana, to the pipe line system of the United Gas Pipe Line Company. It is also the purpose of this map to show the general location of each point of sale, transportation, and company use, between the Monroe Gas Field and New Orleans, Louisiana. The points of delivery are indicated by metering point numbers which correspond to those used in the gas balance, and demand analysis. On this map the points of purchase are indicated by gas field names. The details of metering points in these gas fields which lie south of Baton Rouge are shown in the gas balance.

The pipe line owned by the United Gas Pipe Line Company, which extends from that company's Scotland Meter Station located at Baton Rouge, Louisiana, to New Orleans, Louisiana, is indicated on the map by a dash line.

It will be noted that in the environs of the Monroe Gas Field, pipe lines of the other companies have been indicated with dashed lines, and the reported direction of flow in these lines is also shown. On the upper right-hand side of this map is shown a tabulation more particularly describing the deliveries made by the Interstate company to customers between the Monroe Gas Field and New Orleans. This tabulation consists of a list of the same metering point numbers shown on the flow diagrams and the gas balance.


CATAHOULA
MISS.
LA.
N


INTERSTATE NATURAL GAS COMPANY, INC. PIPE LINES
FOREIGN OWNED PIPE LINES
LOCATION MAP
ARK.
MISSISSIPPI
LOUISIANA
FEDERAL POWER COMMISSION
DOCKET G-145
INTERSTATE NATURAL GAS COMPANY, INC.
SCHEMATIC MAP SHOWING
TRANSMISSION PIPE LINE SYSTEM
OF
INTERSTATE NATURAL GAS COMPANY, INC.
AND
OTHER NATURAL GAS COMPANIES
AS OF
DECEMBER 31, 1941
GEOGRAPHICAL SCALE
ST HELENA
LIVINGSTON
ST TAMMANY
LAKE PONTCHARTRAIN
ASSUMPTION
ST CHARLES

624

2417

Docket G-149.

Compressor Stations.

The De Siard Compressor Station, located at Fowler, Louisiana, in the Monroe Gas Field, was constructed in 1926 with a capacity of 5,400 horsepower and consisted of four 1,350 horsepower Worthington horizontal gas-engine gas compressors. In 1935 the company added one 1,200 horsepower National Transit horizontal gas-engine gas compressor, and in 1940 the company installed a 600 horsepower Clark angle-type gas-engine gas compressor, making a total capacity of 7,200 horsepower. This compressor station receives gas from the field lines of the company, and from United Gas Pipe Line Company, and discharges it into Line T-1 for deliveries from this main transmission pipe line. On the peak day of 1941, the average discharge pressure was approximately 360 pounds.

The Brock Compressor Station, located near Ferriday, Louisiana, was constructed in 1927 and 1928 with a total capacity of 5,400 horsepower, consisting of four Worthington horizontal gas-engine gas compressors of 1,350 horsepower each. In 1930 two additional Worthington horizontal gas-engine gas compressors of 1,250 horsepower each, were installed, making a total of 7,900 horsepower at the Brock Station.

These additional installations of horsepower in the De Siard and Brock Compressor Stations were made because of increasing demands upon the company's system. The following tabulation shows the total compressor engine hours of operation for each compressor station by years:

Statement of Total Compressor Engine Hours of Operation of Each Compressor Station.

(From Date of Installation to 12-31-41.)

Year	De Siard Station	Brock Station	Total
1927	4,563	....	4,563
1928	20,190	1,985	22,175
1929	19,861	8,221	28,082
1930	8,924	4,887	13,811
1931	8,792	2,717	11,509
1932	8,968	2,234	11,202
1933	15,280	506	15,786
1934	23,885	4,629	28,514
1935	27,957	21,448	49,405
1936	32,400	30,564	62,964
1937	27,158	31,592	58,750
1938	32,046	30,797	62,843
1939	36,423	33,436	69,859
1940	36,037	20,683	56,720
1941	32,403	18,085	50,488
Total	334,887	211,784	546,671

Docket G-149.

Main Transmission Pipe Line.

The main transmission Line T-1 was constructed in 1926 and consists of a 22-inch pipe line extending from the DeSiard Compressor Station to Baton Rouge, Louisiana. Increased consumption and demand requirements of customers have required the company to loop this original transmission pipe line, and as of December 31, 1941, the original system is looped, with the exception of approximately 21 miles in the State of Mississippi with 22-inch and 20-inch pipe lines from Alto, Louisiana, to Baton Rouge, Louisiana.

In 1936 the Interstate company purchased Line T-9 (16" diam.) which extends between Alto, Louisiana, in the Richland Gas Field, and Perryville, Louisiana, in the Monroe Gas Field. This pipe line was formerly used to transport gas from the Richland Field to its Perryville Compressor Station by the Mississippi River Fuel Corporation. The Interstate company has connected the northern end of the line to its Monroe Gas Field pipe lines (16" diam.) near Perryville, Louisiana, and interconnected the terminal of the line at Alto, Louisiana, with its Line T-1 (22" diam.).

The Interstate company operates Line T-9 (16" diam.) at a pressure of approximately 360 pounds per square inch to take gas from its high pressure field lines in the Monroe Gas Field and to deliver this gas under natural pressure into Main Line T-1 (22" diam.) near Alto, Louisiana. The flow of gas in line T-9 (16" diam.) is regulated at the well head of the 32 wells which deliver gas through the high pressure field lines into Line T-9 (16" diam.). The interconnection with Line T-9 (16" diam.)

and Line T-1 (22" diam.) at Alto allows the high pressure field lines to float on the Line T-1.

Until 1939, the Interstate company received some gas from the Richland Gas Field at Alto, Louisiana, into its Line T-1. During the year 1939, the gas reserves of the Richland Gas Field became exhausted, and all of the wells in that field were either abandoned or turned back to the property owners; and in the latter part of 1939, and since that date, the Interstate company has been making a delivery of gas from its main transmission line to the United Gas Pipe Line Company at Alto, Louisiana, under a transportation agreement.

The main transmission pipe line delivers gas as shown in the gas balance, to industrial customers, town borders stations, and for company use at points located in the States of Louisiana and Mississippi. All of the gas which is delivered from Line T-1 in Louisiana and in Mississippi originates in the Monroe Gas Field.

In the latter part of the year 1939, the Interstate company began purchasing gas from operators in the University Oil and Gas Field, located three miles south of Baton Rouge, Louisiana, and began delivery of gas from the University Field to Gulf States Utilities Company to supply part of the requirements of the distribution system at Baton Rouge, Louisiana. In the early part of 1940, the Interstate company completed construction of a line from the University Field to the main pipe line of the United Gas Pipe Line Company which extends from Baton Rouge to New Orleans. Since that time it has delivered part of the gas purchased in the University Field to United Gas Pipe Line Company at Kleinpeter Station, located at the United company's line. As of December 31, 1941, the Interstate company had contracts

with the William Helis, et al, Addison Outwater and Sugar Field Oil Company, Inc., Lisbon-Iberia Oil Corp., and the Sugar Field Oil Company, Inc., for the purchase of surplus gas in the University Oil and Gas Field.

During the latter part of 1939, the Interstate company contracted to purchase gas from the Shell Oil Company, Inc. in the La Pice Gas Field, located some 25 miles south of Baton Rouge, Louisiana. Construction of a pipe line from the La Pice Field to the main pipe line of the United Gas Pipe Line Company was completed during the latter part of 1939. Since January 1940, gas purchased in La Pice Field has been delivered to the United company at the Union Meter Station located at the United company's pipe line.

In the early part of 1940, the Interstate company contracted to purchase gas from the Pan-American Production Company and Shell Oil Company, Inc., in the La Place Gas Field located approximately 30 miles north of New Orleans, Louisiana, and constructed a pipe line from this point of purchase to the main pipe line of the United Pipe Line Company. During April 1940, the Interstate company started making deliveries to the United company at the La Place Meter Station located on the United company's line.

During the latter part of 1939, the Interstate company and the United Gas Pipe Line Company purchased a 12-inch pipe line of some 16 miles in length owned by the Gulf Natural Gas Company, located near the Lake Long Field near Houma, Louisiana. The companies have since constructed extensions to this pipe line south to the Du Large Field, and north to the main pipe line of the United Gas Pipe Line Company between Baton Rouge, Louisiana, and New Orleans, Louisiana. Gas is

purchased from the Fohs Oil Company and Pilgrim Exploration Company in the Lake Long Field, Humble Oil and Refining Company in the Lirette Field, Tide Water Oil Co., et al in the Raceland Field, and Fohs Oil Co., et al in the Du Large Field. The United company operates this pipe line for the mutual benefit of United and Interstate.

During the latter part of 1939, the United Gas Pipe Line Company made a contract for the mutual benefit of United and Interstate for the purchase of gas from The Texas Company in the La Fitte Field. At that time, there existed an 8-inch oil pipe line extending from the La Fitte Field to Marrero, Louisiana, near New Orleans, Louisiana. After the line had been reconditioned for the transportation of gas, it was leased from The Texas Pipe Line Company for delivery of gas from the La Fitte Field to the Marrero Meter Station located at Marrero, Louisiana.

Until the latter part of the year 1939, the Interstate Natural Gas Company's operations consisted of the purchase and production of natural gas in the Monroe Gas Field, the sale of gas in the Monroe Gas Field, the transmission of gas through its pipe lines from the De Siard Compressor Station to the terminal of its pipe lines near Baton Rouge, Louisiana, with the sale of gas to industrial customers and to distribution companies for resale in the States of Louisiana and Mississippi, and the sale of gas from the pipe line of United Gas Pipe Line Company between Baton Rouge and Destrehan, Louisiana.

The latter part of 1939 appears to be a period of transition in the operations of the Interstate Natural Gas Company in that it acquired additional sources of gas supply from the University, La Pice, La Place, Lirette,

Lake Long, and La Fitte Field. The effect of the transition has been to supply the increasing annual and demand responsibility of the Monroe Gas Field with gas from these southern fields.

Under the transportation agreements, Interstate transports gas from the Monroe Gas Field to Alto, Louisiana (208-S) and to Scotland, Louisiana (235-S) for the United Gas Pipe Line Company. The United company delivers a part of the gas to be transported to Interstate at the DeSiard Compressor Station (183-T). The remainder of the gas required by the United company is supplied by the Interstate company from the Monroe, University, La Pice, and La Place Fields, and, by contractual agreement, is considered to be sold by Interstate to United in the Monroe Gas Field and transported from there to Scotland, Louisiana. The United Gas Pipe Line Company transports gas for the Interstate company in its pipe line from Scotland, Louisiana, to Destrehan, Louisiana, and delivers this gas to customers of Interstate Natural Gas Company, Inc.

The Interstate company sells gas to the United company by contractual agreement in the Monroe Gas Field. The volume of gas sold United is computed as the volume of gas delivered by Interstate to United at Scotland, Louisiana (235-S) and Alto, Louisiana (208-S), plus gas delivered by Interstate to United at University Field, Kleinpeter Meter Station (247-S), La Pice Field, Union Meter Station (250-S), and La Place Field, La Place Meter Station (255-S), less gas delivered by United to Interstate for transportation at De Siard Compressor Station (183-T), less gas delivered to Interstate customers between Scotland and Destrehan, Louisiana.

The following tabulations show deliveries of gas by the Interstate company and the United company by source of supply and as billed during the calendar year 1941, and by source of supply on the maximum coincidental demand day January 8, 1942:

Docket G-149.

Analysis of Interstate Natural Gas Co., Inc., and United Gas Pipe Line Co., Transportation and Sales Deliveries, Calendar Year 1941.

(Pressure Base: 14.4 Lbs. Atmos. plus 10 Oz.)

Meter Point	Location	MCF 1941	Remarks
235-S	United Gas P. L. Co.—Scotland Comp. Station	15,981,988	Gross delivered by I. N. G. Co., Inc.
208-S	United Gas P. L. Co.—Alto, La.	165,113	Gross delivered by I. N. G. Co., Inc.
247-S	United Gas P. L. Co.—University Field—Kleinpeter Meter Station	4,491,484	Gross delivered by I. N. G. Co., Inc.
250-S	United Gas P. L. Co.—La Pice Field—Union Meter Station	2,174,876	Gross delivered by I. N. G. Co., Inc.
255-S	United Gas P. L. Co.—La Place Field—La Place Meter Station	1,369,637	Gross delivered by I. N. G. Co., Inc.

183-T	Interstate Natural Gas Co.—De Siard Comp. Station	(14,482,841)	Gas received by I. N. G. Co. from U. G. P. L. Co. for transportation.
—	I. N. G. Co. Customers between Scotland and Destrehan, La.	(4,886,503)	Gas received by I. N. G. Co. from U. G. P. L. Co.
Transportation and Sale as Billed:			
Net	United Gas P. L. Co.	4,813,754	Gas I. N. G. Co. sold U. G. P. L. Co. at De Saird Comp. Station computed per contractual agreement.
208-S	United Gas P. L. Co.—Alto, La.....	165,113	Gas I. N. G. Co. transported from De Siard Comp. Station to Alto, La. (metered).
Net	United Gas P. L. Co.—Scotland Comp. Station	19,131,481	Gas I. N. G. Co. transported from De Siard to Scotland, La., for U. G. P. L. Co. computed per contractual agreement.

Meter Point	Location	MCF 1941	Remarks
Net	Interstate Natural Gas Co.—Scotland to Destrehan, La.	4,886,503	Gas U. G. P. L. Co. transported from Scotland to Destrahan, La., for I. N. G. Co. customers per contractual agreement.
Transportation and Sale Deliveries by Source of Supply:			
Net	United Gas P. L. Co.	1,664,260	Gas I. N. G. Co. sold U. G. P. L. Co. at Scotland Compressor Station.
Net	United Gas P. L. Co.	3,149,494	Gas I. N. G. Co. sold U. G. P. L. Co. south of Scotland Compressor Station.
208-S	United Gas P. L. Co.	165,113	Gas I. N. G. Co. transported from De Siard Compressor Station to Alto, La. (Metered).
Net	United Gas P. L. Co.	15,981,988	Gas I. N. G. Co. transported from De Siard Compressor Station to Scotland Compressor Station.
Net	Interstate Natural Gas Co., Inc.	4,886,503	Gas U. G. P. L. Co. transported from Scotland to Destrehan, La., for I. N. G. Co. customers.

Analysis of Interstate Natural Gas Co., Inc., and United Gas Pipe Line Co., Transportation and Sales Deliveries, Maximum Coincidental Demand Day—Nov. 15, 1940—(Continued.)

(Pressure Base: 14.4 Lbs. Atmos. plus 10 Oz.)

235-S	United Gas P. L. Co.—Scotland Compressor Station	64,376	Gross delivered by I. N. G. Co., Inc.
208-S	United Gas P. L. Co.—Alto, La.	1,349	Gross delivered by I. N. G. Co., Inc.
247-S	United Gas P. L. Co.—University Field—Kleinpeter Meter Station	10,225	Gross delivered by I. N. G. Co., Inc.
250-S	United Gas P. L. Co.—La Pice Field—Union Meter Station	8,457	Gross delivered by I. N. G. Co., Inc.
255-S	United Gas P. L. Co.—La Place Field—La Place Meter Station	2,336	Gross delivered by I. N. G. Co., Inc.
183-T	Interstate Natural Gas Co., Inc.—De Siard Compressor Station	(51,660)	Gas received by I. N. G. Co., Inc., from U. G. P. L. Co. for transportation.

Meter Point	Location	MCF 1941	Remarks
——	Interstate Natural Gas Co., Inc.—Customers between Scotland and Destrehan, La.	(9,377)	Gas received by I. N. G. Co. from U. G. P. L. Co.

Transportation and Sale Deliveries by Source of Supply:

Net	United Gas P. L. Co.	14,065	Gas. I. N. G. Co. sold U. G. P. L. Co. and transported to Scotland Compressor Station.
Net	United Gas P. L. Co.	11,641	Gas. I. N. G. Co. sold U. G. P. L. Co. south of Scotland Compressor Station.
208-S	United Gas P. L. Co.	1,349	Gas I. N. G. Co. transported from De Siard Compressor Station to Alto, La. (Metered).
Net	United Gas P. L. Co.	64,376	Gas I. N. G. Co. transported from De Siard Compressor Station to Scotland Compressor Station.
Net	Interstate Natural Gas Co. Inc.	9,377	Gas U. G. P. L. Co. transported from Scotland to Destrehan, La., for I .N. G. Co. customers.

Docket G-149.

Flow Diagrams Showing Flow of Gas Through the Transmission System During: The Calendar Years of 1939, 1940, and 1941, and on the 24-Hour Coincidental Maximum Demand Day November 15, 1940 and January 8, 1942.

The flow diagrams were prepared under my supervision for the purpose of illustrating graphically the operations of the company as to the volumes of gas handled and experienced on the system.

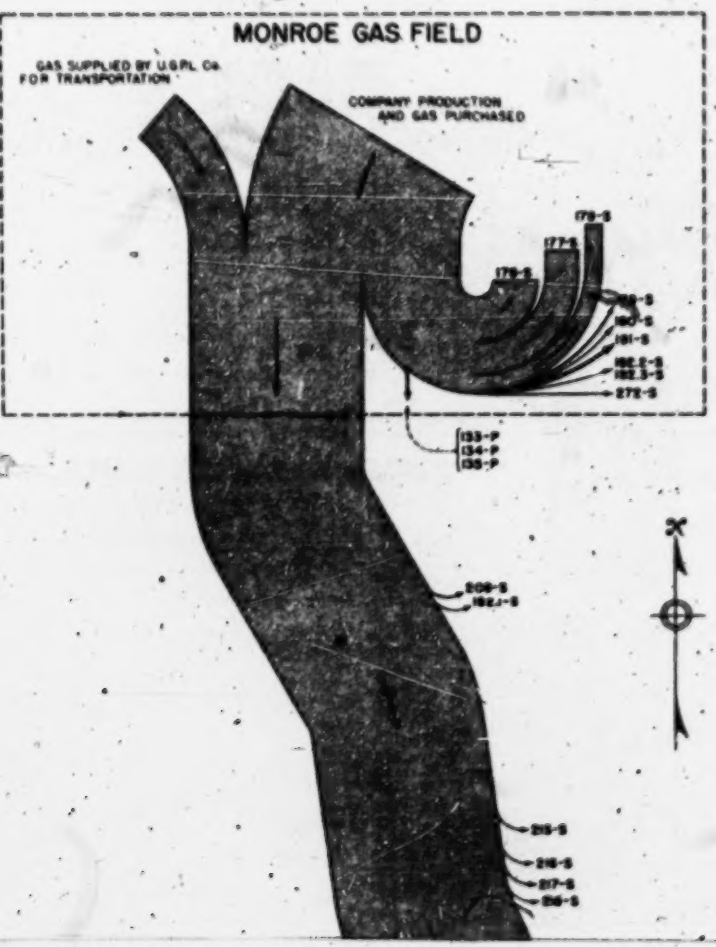
The basic data used in preparing these flow diagrams were obtained from the records of the Interstate company at Monroe, Louisiana.

These diagrams show in graphic form the volumes of gas transmitted by the Interstate company based upon the volume delivered by that company as indicated in the title of these flow diagrams. In effect these diagrams show the disposition of the total gas handled by the company during these periods. The width of the flow diagrams indicates MCF of gas which is plotted on a schematic geographical location of the company's main transmission pipe line. It will be noted that along the flow diagrams, numbers designate each delivery of gas between the Monroe Gas Field and New Orleans, Louisiana.

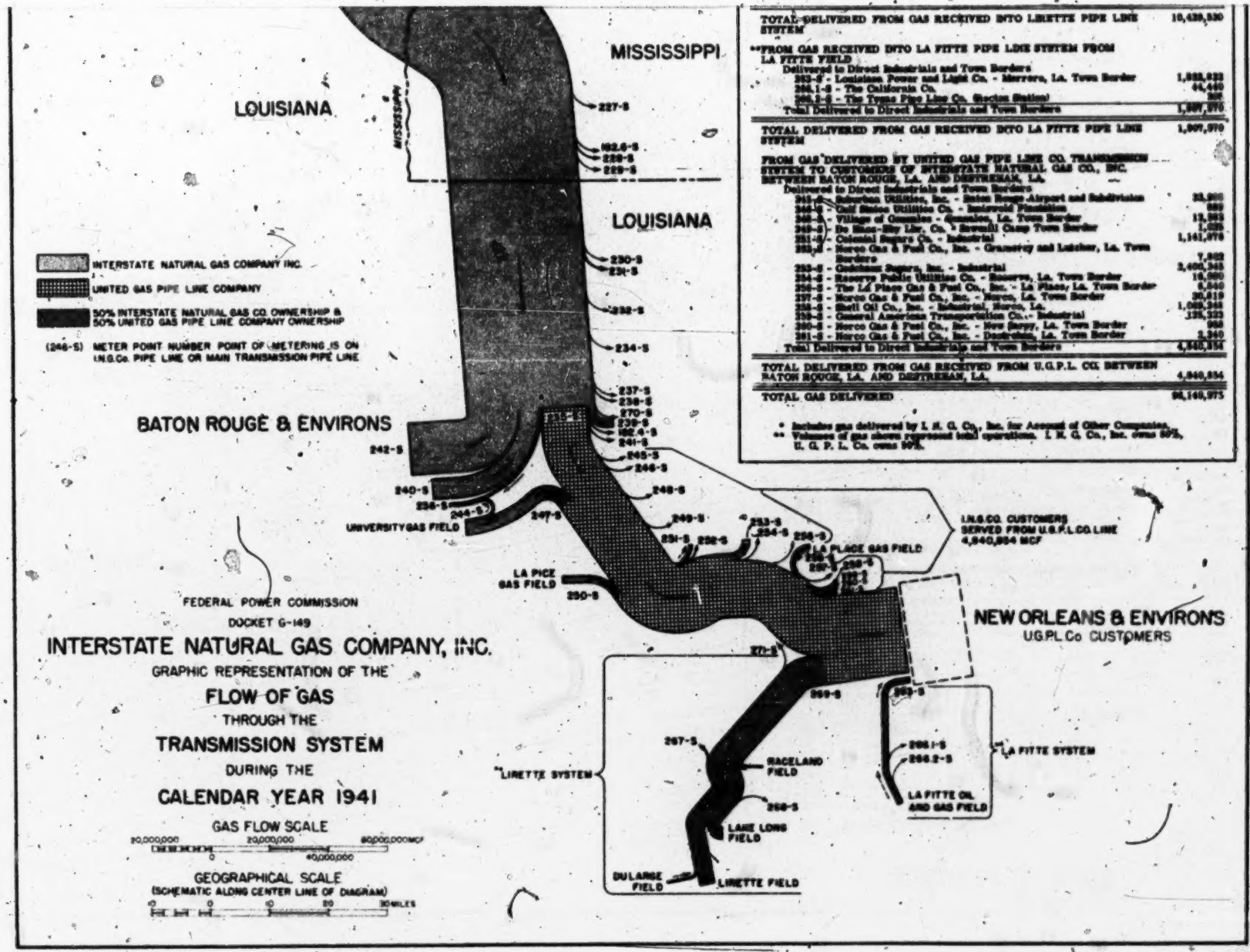
The ownership of the pipe lines between Monroe and New Orleans, Louisiana, is indicated by Ben Day pattern. In the upper right-hand side of each flow diagram is a tabulation showing the meter point number, corresponding to that which is shown on the flow diagram itself, the name and location of the customer and

the MCF of gas delivered by Interstate. The volumes of gas which are tabulated are taken from the gas balance and demand analysis which are included in this Exhibit.

It will be seen from the flow diagrams showing the operation of the Interstate company during the calendar year 1940 and 1941 that the character of operations as compared to that of 1939 has changed. The 1940 and 1941 flow diagrams show the effect of the Interstate company's acquired new sources of gas supply between Baton Rouge, Louisiana, and New Orleans, Louisiana, and it may be easily seen that this additional supply has greatly assisted the annual delivery and demand responsibility of the Monroe Gas Field.

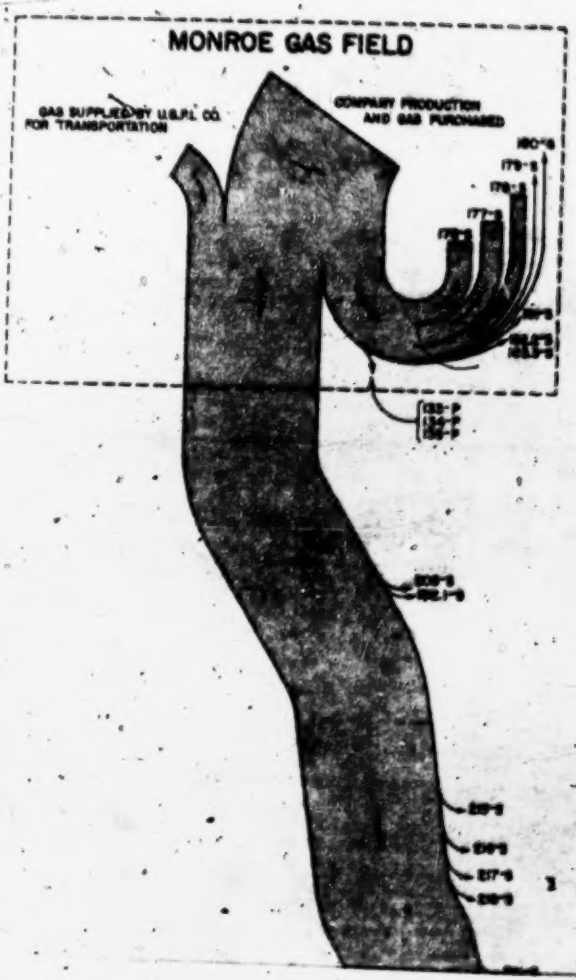


	CALENDAR YEAR 1953 (000's)
FROM GAS RECEIVED IN MONROE GAS FIELD	
DELIVERED IN MONROE GAS FIELD	
Delivered for Exchange from L.N.G. Co. Wells	
132-P - Southern Natural Gas Co., Green Well No. 131	88,898
134-P - " " " " Green Well No. 133	115,538
135-P - " " " " Green Well No. 140	72,066
Total Delivered for Exchange from L.N.G. Co. Wells	397,432
Delivered to Pipe Line Companies, Etc.	
*176-S - Southern Natural Gas Co. (Perryville Station)	11,772,288
*177-S - Mississippi River Fuel Corp. (Perryville Station)	5,360,000
*178-S - United Gas Pipe Line Co. for Memphis Natural Gas Co. at Gallo'a Station)	4,360,818
179-S - United Gas Pipe Line Co. for Memphis Natural Gas Co. from Well No. 90)	190,221
180-S - United Gas Pipe Line Co. for Memphis Natural Gas Co. from Well No. 92)	168,802
272-S - L. W. Corp. (Well Drilling Fuel)	1,200
Total Delivered to Pipe Line Companies	26,854,319
Company Use	
181-S - De Hard Compressor Station (Engine Fuel and Domestic)	305,943
183.1-S - Spencer Domestic (Company Houses)	4,045
183.2-S - Spencer Estate Lease (Obligation)	6,188
Drilling and Repairing Company-Wells	13,000
Total Company Use	419,285
TOTAL DELIVERED IN MONROE GAS FIELD	28,345,036
DELIVERED FROM MAIN TRANSMISSION LINE - MONROE GAS FIELD TO BATON ROUGE, LA.	
Delivered to Direct Industrials and Town Borders	
210-S - Louisiana Power & Light Co. - Gilbert, La. Town Border	7,241
216-S - Louisiana Power & Light Co. - Winnsboro, La. Town Border	6,559
217-S - Peach Gas Co. - Peach, La. Town Border	1,021
218-S - Shelly Island Gas Co., Inc. - Shelly Island, La. Town Border	13,610
219-S - Concordia Parish Gas - Ferriday, La.	2,313
221-S - Louisiana Power & Light Co. - Ferriday, La. Town Border	27,094
223-S - Town of Wisner, La. Town Border	12,961
224-S - Mississippi Power & Light Co. - Natchez, Miss. Town Border	488,106
227-S - Buffalo Gas Co. - Wilkinson, Miss. Town Border	1,298
228-S - Town of Woodville - Woodville, Miss. Town Border	22,017
229-S - Town of Centreville - Centreville, Miss. Town Border	4,075
230-S - Town of Jackson - Jackson, La. Town Border	8,187
231-S - East Louisiana State Hospital - Jackson, La.	277,045
232-S - Town of St. Francisville - St. Francisville, La. Town Border	9,831
234-S - Town of Zachary - Zachary, La. Town Border	5,270
236-S - Gulf States Utilities Co. - Baton Rouge, La. Town Border	597,888
237-S - Gulf States Utilities Co. - for Southern University, Baton Rouge, La.	49,976
238-S - Gulf States Utilities Co. - for La. Chemical Co., Baton Rouge, La.	288
239-S - The Solvay Process Co. - Baton Rouge, La.	2,820,969
240-S - Standard Oil Co. of La. - Baton Rouge, La.	6,456,141
240-S - Standard Oil Co. of La. - Baton Rouge, La. Delivery received for account of Ethyl Gasoline Corp.)	958,097
241-S - Ethyl Gasoline Corp. - Baton Rouge, La.	168,310
243-S - Gulf States Utilities Co. - for account of Louisiana Steam Generating Corp. - Baton Rouge, La.	3,523,088
Standard Oil Co. of La. - Baton Rouge, La.	11,886,816
The Solvay Process Co. - Baton Rouge, La.	1,041,782
Ethyl Gasoline Corp. - Baton Rouge, La.	1,967,310
270-S - Gulf States Utilities Co. - Hershey Field	36,023
Total Delivered to Direct Industrials and Town Borders	38,634,910
Delivered to United Gas Pipe Line Co.	
206-S - U.G.P.L. Co. - Alto, La.	185,113
220-S - U.G.P.L. Co. - Scotland Meter Station, Baton Rouge, La.	15,981,988
Total Delivered to United Gas Pipe Line Co.	16,167,101
Company Use	
182.1-S - Company House, Alto, La.	731
182.4-S - T. E. Shuffi (Company Employee) Baton Rouge, La.	568
182.5-S - J. B. Dixon (Company Employee) Whitehall Plantation	131
182.6-S - L. L. Ricks (Company Employee) Woodville, Miss. T. B. Station	397
219-S - Brock Compressor Station, Ferriday, La. (Engine Fuel and Domestic)	223,788
Total Company Use	224,485
TOTAL DELIVERED FROM MAIN TRANSMISSION LINE	55,026,496
TOTAL DELIVERED FROM GAS RECEIVED IN MONROE GAS FIELD	70,382,061
FROM GAS RECEIVED IN UNIVERSITY FIELD	
Delivered to Town Borders	
244-S - Gulf States Utilities Co. - Baton Rouge, La. Town Border	564,972
Delivered to United Gas Pipe Line Co.	
247-S - U.G.P.L. Co. - Livingston Meter Station	4,491,684
TOTAL DELIVERED FROM GAS RECEIVED IN UNIVERSITY FIELD	5,056,097
FROM GAS RECEIVED IN LA PICE FIELD	
Delivered to United Gas Pipe Line Co.	
250-S - U.G.P.L. Co. - Union Meter Station	2,174,876
TOTAL DELIVERED FROM GAS RECEIVED IN LA PICE FIELD	2,174,876
FROM GAS RECEIVED IN LA PLACE FIELD	
Delivered to United Gas Pipe Line Co.	
252-S - U.G.P.L. Co. - La Place Meter Station	1,308,637



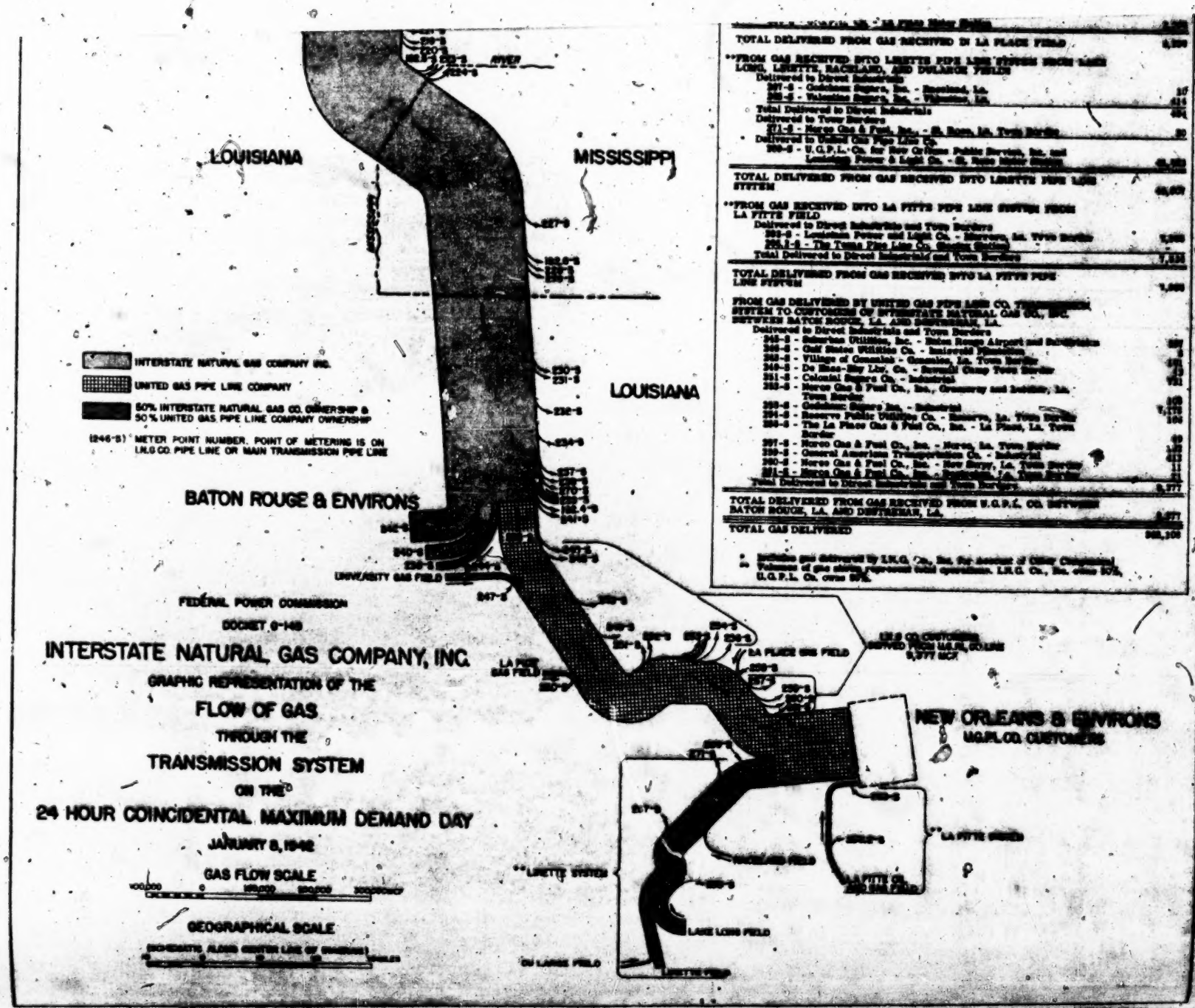
TOTAL DELIVERED FROM GAS RECEIVED INTO LINETTE PIPE LINE SYSTEM	10,430,530
**FROM GAS RECEIVED INTO LA FITTE PIPE LINE SYSTEM FROM LA FITTE FIELD	
Delivered to Direct Industrials and Town Borders	
263-S - Louisiana Power and Light Co. - Morrero, La. Town Border	1,833,833
264.1-S - The California Co.	44,440
264.2-S - The Texas Pipe Line Co. (Barlow Station)	800
Total Delivered to Direct Industrials and Town Borders	1,897,970
TOTAL DELIVERED FROM GAS RECEIVED INTO LA FITTE PIPE LINE SYSTEM	1,897,970
FROM GAS DELIVERED BY UNITED GAS PIPE LINE CO. TRANSMISSION SYSTEM TO CUSTOMERS OF INTERSTATE NATURAL GAS CO., INC. BETWEEN BATON ROUGE, LA. AND DESTREHAN, LA.	
Delivered to Direct Industrials and Town Borders	
245-S - Baton Rouge Utilities, Inc. - Baton Rouge Airport and Subdivision	33,800
245-S - Gulf States Utilities Co. - Ironwood Plantation	800
248-S - Village of Gonzales - Gonzales, La. Town Border	13,883
249-S - De Mun-Bay Lbr. Co. - Sorrell Camp Town Border	1,025
251-S - Colonial Sugars Co. - Industrial	1,161,970
252-S - Norco Gas & Fuel Co., Inc. - Gramercy and Lutcher, La. Town Borders	7,822
253-S - Godchaux Sugars, Inc. - Industrial	2,400,345
254-S - Reserve Public Utilities Co. - Reserve, La. Town Border	16,000
256-S - The La Place Gas & Fuel Co., Inc. - La Place, La. Town Border	6,840
257-S - Norco Gas & Fuel Co., Inc. - Norco, La. Town Border	20,619
258-S - Shell Oil Co., Inc. - Industrial, Norco, La.	1,088,348
259-S - General American Transportation Co. - Industrial	135,323
260-S - Norco Gas & Fuel Co., Inc. - New Sarpy, La. Town Border	960
261-S - Norco Gas & Fuel Co., Inc. - Destrehan, La. Town Border	2,340
Total Delivered to Direct Industrials and Town Borders	4,840,854
TOTAL DELIVERED FROM GAS RECEIVED FROM U.G.P.L. CO. BETWEEN BATON ROUGE, LA. AND DESTREHAN, LA.	4,840,854
TOTAL GAS DELIVERED	16,169,975

* Includes gas delivered by I. N. G. Co., Inc. for Account of Other Companies.
** Volumes of gas above represent total operations. I. N. G. Co., Inc. owns 50%, U. G. P. L. Co. owns 50%.



FROM GAS RECEIVED IN MONROE GAS FIELD

DELIVERED IN MONROE GAS FIELD
Delivered for Exchange from I.N.G. Co. Wells
133-P - Southern Carbon Co., (From Well No. 1B)
134-P - " " " " (From Well No. 2)
136-P - " " " " (From Well No. 3B)
Total Delivered for Exchange from I.N.G. Co. Wells
Delivered to Pipe Line Companies, Etc.
*176-S - Southern Natural Gas Co. (Perryville Station)
*177-S - Mississippi River Fuel Corp. (Perryville Station)
*178-S - United Gas Pipe Line Co. for Memphis Natural Gas Co. at Quitman (Station)
179-S - United Gas Pipe Line Co. for Memphis Natural Gas Co. from Well No. 5B)
180-S - United Gas Pipe Line Co. for Memphis Natural Gas Co. from Well No. 6B)
Total Delivered to Pipe Line Companies
Company Use
181-S - Du Bard Compressor Station (Engine Fuel and Deemister
182.1-S - Sponsor Domestic (Company Edison)
182.2-S - Sponsor Estate Lease (Delinquent)
- Drilling and Remaining Company Wells
Total Company Use
TOTAL DELIVERED IN MONROE GAS FIELD
DELIVERED FROM MAIN TRANSMISSION LINE - MONROE GAS FIELD TO BATON ROUGE, LA.
Delivered to Direct Industrials and Town Borders
212-S - Louisiana Power & Light Co. - Gilbert, La. Town Border
214-S - Louisiana Power & Light Co. - Winnsboro, La. Town Border
217-S - Peoples Gas Co. - Pecan, La. Town Border
218-S - Shelby Island Gas Co., Inc. - Shelby Island, La. Town Border
220-S - Concordia Parish Gas Co. - Ferriday, La.
221-S - Louisiana Power & Light Co. - Ferriday, La. Town Border
223-S - Town of Vidalia - Vidalia, La. Town Border
[illegible] - Mississippi Power & Light Co. - [illegible], Miss. Town Border
[illegible] - Natchez Gas Co. - [illegible], Miss. Town Border
[illegible] - Town of Woodville - Woodville, Miss. Town Border
[illegible] - Town of Centreville - Centreville, Miss. Town Border
[illegible] - Town of Jackson - Jackson, La. Town Border
[illegible] - West Louisiana Gas Service - Jackson, La.
[illegible] - Town of St. Francisville - St. Francisville, La. Town Border
[illegible] - Town of Tallulah - Tallulah, La. Town Border
[illegible] - Gulf States Utilities Co. - Baton Rouge, La. Town Border
[illegible] - Gulf States Utilities Co. - [illegible], La. Town Border
[illegible] - The Texas Company - [illegible], La. Town Border
[illegible] - Standard Oil Co. of La. - Baton Rouge, La.
[illegible] - Standard Oil Co. of La. - Baton Rouge, La.
[illegible] - Standard Oil Co. of La. - Baton Rouge, La. Refinery connection
[illegible] - General Chemical Corp. - Baton Rouge, La.
211-S - Ethyl Corporation - Baton Rouge, La.
[illegible] - Gulf States Utilities Co. - Baton Rouge, La.
[illegible] - Standard Oil Co. of La. - Baton Rouge, La.
[illegible] - The Texas Company - Baton Rouge, La.
[illegible] - Standard Oil Co. of La. - Baton Rouge, La.
227-S - Gulf States Utilities Co. - Baton Rouge, La.
Total Delivered to Direct Industrials and Town Borders
Delivered to United Gas Pipe Line Co.
[illegible] - U.G.P.I. Co. - [illegible]
[illegible] - U.G.P.I. Co. - [illegible], Baton Rouge, La.
Total Delivered to United Gas Pipe Line Co.
Company Use
[illegible] - General Shops, Alba, La.
[illegible] - N.E. Station (Baton Rouge), Baton Rouge, La.
[illegible] - La. Power Company (Lockport Village), Lockport, La.
[illegible] - La. Power Company (Lockport Village), Lockport, La.
[illegible] - Town Compressor Station, Ferriday, La. Engine Fuel and Domestic
Total Company Use
TOTAL DELIVERED FROM GAS RECEIVED IN MONROE GAS FIELD
FROM GAS RECEIVED IN [illegible] FIELD
Delivered to Pipe Lines
[illegible] - Gulf States Utilities Co. - [illegible], La. Town Border
Delivered to United Gas Pipe Line Co.
[illegible] - U.G.P.I. Co. - [illegible], Baton Rouge, La.
TOTAL DELIVERED FROM GAS RECEIVED IN [illegible] FIELD
FROM GAS RECEIVED IN LA PLACE FIELD
Delivered to United Gas Pipe Line Co.
232-S - U.G.P.I. Co. - La Place Meter Station
TOTAL DELIVERED FROM GAS RECEIVED IN LA PLACE FIELD
FROM GAS RECEIVED IN LA PLACE FIELD
Delivered to United Gas Pipe Line Co.
232-S - U.G.P.I. Co. - La Place Meter Station



TOTAL DELIVERED FROM GAS RECEIVED IN LA PLACE FIELD	6,320
**FROM GAS RECEIVED INTO LIBERTY PIPE LINE SYSTEM FROM LAKE LONG, LIBERTY, RACELAND, AND DULARGE FIELDS	
Delivered to Direct Industrials	
227-S - Goldkist Square, Inc. - Raceland, La.	57
228-S - Valentine Square, Inc. - Thibodaux, La.	414
Total Delivered to Direct Industrials	471
Delivered to Town Borders	
271-S - Norco Gas & Fuel, Inc. - S. Napo, La. Town Border	20
Delivered to UNITED Gas Pipe Line Co.	
269-S - U.G.P.L. Co. for New Orleans Public Service, Inc. and Louisiana Power & Light Co. - S. Napo Meter Station	46,120
TOTAL DELIVERED FROM GAS RECEIVED INTO LIBERTY PIPE LINE SYSTEM	46,607
**FROM GAS RECEIVED INTO LA FITTE PIPE LINE SYSTEM FROM LA FITTE FIELD	
Delivered to Direct Industrials and Town Borders	
262-S - Louisiana Power and Light Co. - Morgan, La. Town Border	2,000
266-S - The Texas Pipe Line Co. Morgan Station	-
Total Delivered to Direct Industrials and Town Borders	2,000
TOTAL DELIVERED FROM GAS RECEIVED INTO LA FITTE PIPE LINE SYSTEM	1,000
FROM GAS DELIVERED BY UNITED GAS PIPE LINE CO. TRANSMISSION SYSTEM TO CUSTOMERS OF INTERSTATE NATURAL GAS CO., INC. BETWEEN BATON ROUGE, LA. AND DESTREHAN, LA.	
Delivered to Direct Industrials and Town Borders	
245-S - Suburban Utilities, Inc. - Baton Rouge Airport and Subdivision	297
246-S - Gulf States Utilities Co. - Industrial Operations	3
248-S - Village of Gonzales - Gonzales, La. Town Border	170
249-S - De Haas-Hay Lbr. Co. - Burnside Camp Town Border	75
251-S - Colonial Sugars Co. - Industrial	751
252-S - Norco Gas & Fuel Co., Inc., Greenwood and Subdivision, La. Town Border	140
253-S - Goldkist Square Inc. - Industrial	1,775
254-S - Reserve Public Utilities Co. - Reserve, La. Town Border	106
256-S - The La Place Gas & Fuel Co., Inc. - La Place, La. Town Border	69
257-S - Norco Gas & Fuel Co., Inc. - Norco, La. Town Border	132
259-S - General American Transportation Co. - Industrial	413
260-S - Norco Gas & Fuel Co., Inc. - New Sarpy, La. Town Border	111
271-S - Norco Gas & Fuel Co., Inc. - Destrehan, La. Town Border	31
Total Delivered to Direct Industrials and Town Borders	4,277
TOTAL DELIVERED FROM GAS RECEIVED FROM U.G.P.C. CO. BETWEEN BATON ROUGE, LA. AND DESTREHAN, LA.	4,277
TOTAL GAS DELIVERED	58,109

* Includes gas delivered by L.N.G. Co., Inc. for account of Other Companies
** Volumes of gas shown represent total operations. L.N.G. Co., Inc. owns 50%, U.G.P.L. Co. owns 50%.

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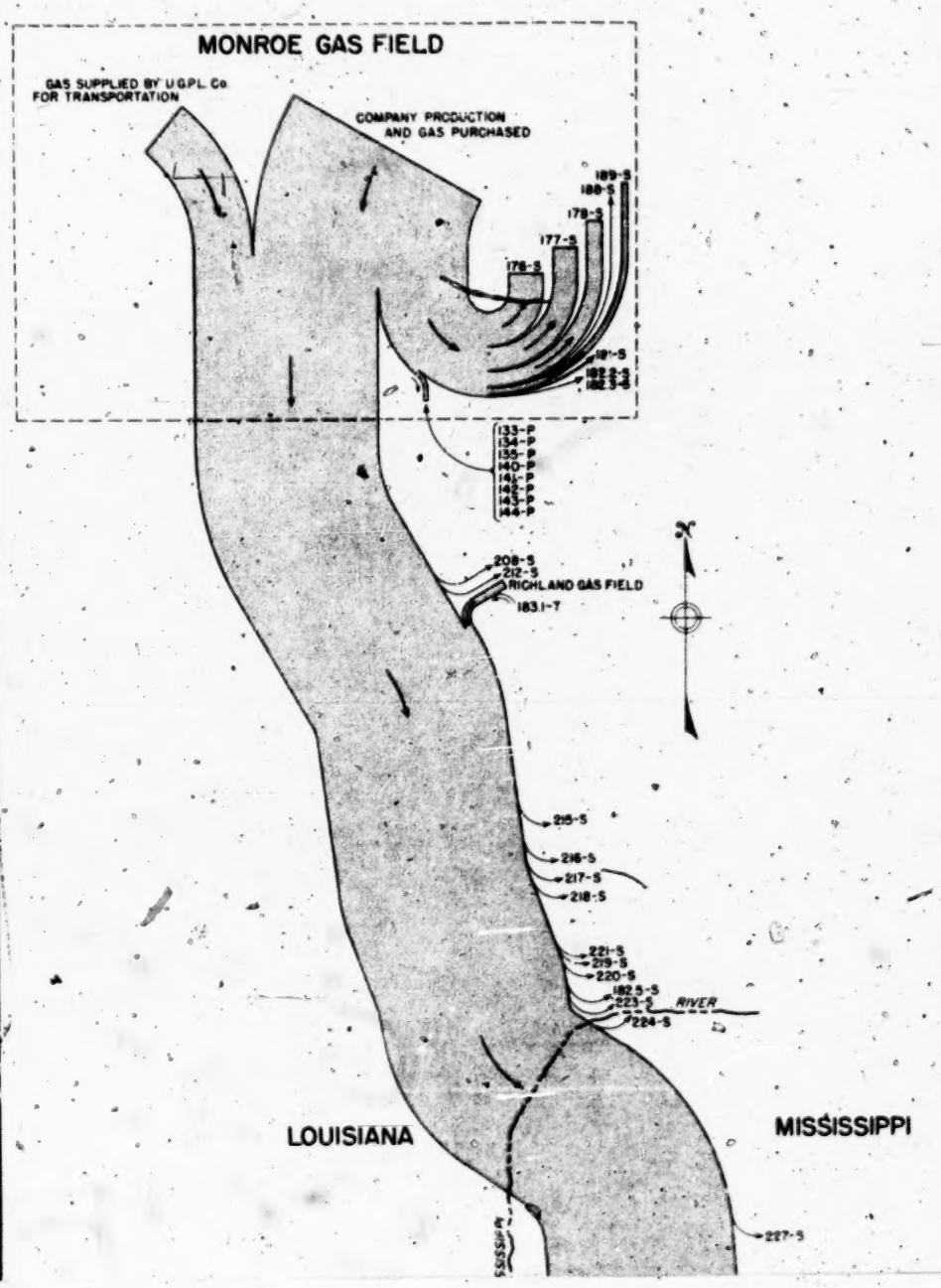

GAS DELIVERED - BY POINTS OF METERING
(Pressure Base - 14.4 Lbs. Atmos. plus 10 oz.)

	CALENDAR YEAR 1938 (MCF)
FROM GAS RECEIVED IN MONROE AND RICHLAND GAS FIELD	
DELIVERED IN MONROE GAS FIELD	
Delivered for Exchange from L N. G. Co. Wells	
133-P - Southern Carbon Co. (from Well No. 15)	109,725
134-P - " " " (from Well No. 21)	121,561
135-P - " " " (from Well No. 56)	42,429
140-P - United Carbon Co. (from Well No. 34)	245,532
141-P - " " " (from Well No. 63)	103,419
142-P - " " " (from Well No. 79)	99,548
143-P - " " " (from Well No. 81)	217,962
144-P - " " " (from Well No. 83)	95,389
Total Delivered for Exchange from L N. G. Co. Wells	1,119,771
Delivered to Pipe Line Companies	
*176-S - Southern Natural Gas Co. (Perryville Station)	8,897,296
*177-S - Mississippi River Fuel Corp. (Perryville Station)	6,585,336
*178-S - United Gas Pipe Line Co. (for Memphis Natural Gas Co. at Guthrie Station)	4,433,056
*188-S - Arkansas Louisiana Gas Co. (Ohmee Station)	371,151
*189-S - United Gas Pipe Line Co. (for Dixie Gulf Gas Co. At Ohmee Station)	1,814,943
Total Delivered to Pipe Line Companies	22,201,784
Company Use	
181-S - De Siard Compressor Station (Engine Fuel and Domestic)	446,879
182.2-S - Spencer Domestic (Company Houses)	4,083
182.3-S - Spencer Estate (Lease Obligation)	5,784
- Drilling and Repairing Company Wells	5,200
- Gas from United Carbon Co. to drill Well No. 95	1,639
- Gas from " " " to drill Well No. 96	1,532
Total Company Use	464,917
TOTAL DELIVERED IN MONROE GAS FIELD	23,785,472
DELIVERED FROM MAIN TRANSMISSION LINE - MONROE GAS FIELD TO BATON ROUGE, LA.	
Delivered to Direct Industrials and Town Borders	
212-S - Operating Richland Receiving Station	673
215-S - Louisiana Power & Light Co. - Gilbert, La. Town Border	7,599
216-S - Louisiana Power & Light Co. - Winnsboro, La. Town Border	9,252
217-S - Peck Gas Co. - Peck, La. Town Border	2,492
218-S - Sicily Island Gas Co., Inc. - Sicily Island, La. Town Border	10,887
220-S - J. M. Jones Lumber Co. - Ferriday, La.	1,975
221-S - Louisiana Power & Light Co. - Ferriday, La. Town Border	24,788
219-S - Town of Vidalia - Vidalia, La. Town Border	16,602
224-S - Mississippi Power & Light Co. - Natchez, Miss. Town Border	264,881
227-S - Buffalo Gas Co. - Wilkinson, Miss. Town Border	1,459
228-S - Town of Woodville - Woodville, Miss. Town Border	20,837
229-S - Town of Centerville - Centerville, Miss. Town Border	585
230-S - Town of Jackson - Jackson, La. Town Border	8,109
231-S - East Louisiana State Hospital - Jackson, La.	265,132
232-S - Town of St. Francisville - St. Francisville, La. Town Border	3,629
234-S - Town of Zachary - Zachary, La. Town Border	5,540
236-S - Gulf States Utilities Co. - Baton Rouge, La. Town Border	833,092
237-S - Gulf States Utilities Co. - for Southern University, Baton Rouge, La.	32,176
238-S - Gulf States Utilities Co. - for La. Chemical Co., Baton Rouge, La.	417
239-S - The Solvay Process Co. - Baton Rouge, La.	1,030,700
340-S - Standard Oil Co. of La. - Baton Rouge, La.	5,970,137
340-S - Standard Oil Co. of La. - Baton Rouge, La. (Delivery received for account of Ethyl Gasoline Corp.)	347,744
341-S - Ethyl Gasoline Corp. - Baton Rouge, La.	97,008
342-S - Gulf States Utilities Co. - for account of:	
Louisiana Steam Generating Corp. - Baton Rouge, La.	1,031,301
Standard Oil Co. of La. - Baton Rouge, La.	10,124,654
The Solvay Process Co. - Baton Rouge, La.	2,089,149
Ethyl Gasoline Corp. - Baton Rouge, La.	1,153,188
Total Delivered to Direct Industrials and Town Borders	23,934,009
Delivered to United Gas Pipe Line Co.	
208-S - U. G. P. L. Co. - Alto, La.	70,210
225-S - U. G. P. L. Co. - Scotland Meter Station, Baton Rouge, La.	26,914,031
Total Delivered to United Gas Pipe Line Co.	26,984,241
Company Use	
182.1-S - Company House, Alto, La.	280
182.4-S - T. E. Stanfill (Company Employee) Baton Rouge, La.	408
182.5-S - J. B. Dixon (Company Employee) Whitehall Plantation	907
182.6-S - L. L. Ricks (Company Employee) Woodville, Miss. T.B. Station	295
219-S - Brook Compressor Station, Ferriday, La. (Engine Fuel and Domestic)	454,725
- Miscellaneous Terminated Company Use	795
Total Company Use	457,410
TOTAL DELIVERED FROM MAIN TRANSMISSION LINE	50,375,660
TOTAL DELIVERED FROM GAS RECEIVED IN MONROE AND RICHLAND GAS FIELD	74,161,132
FROM GAS RECEIVED IN UNIVERSITY FIELD	
Delivered to Town Borders	
244-S - Gulf States Utilities Co. - Baton Rouge, La. Town Border	72,212
TOTAL DELIVERED FROM GAS RECEIVED IN UNIVERSITY FIELD	72,212
***FROM GAS RECEIVED INTO LA FITTE PIPE LINE SYSTEM FROM LA FITTE FIELD**	
Delivered to Direct Industrials and Town Borders	
263-S - Louisiana Power and Light Co. - Morrero, La. Town Border	59,600
Total Delivered To Town Borders	59,600
TOTAL DELIVERED FROM GAS RECEIVED INTO LA FITTE PIPE LINE SYSTEM	59,600

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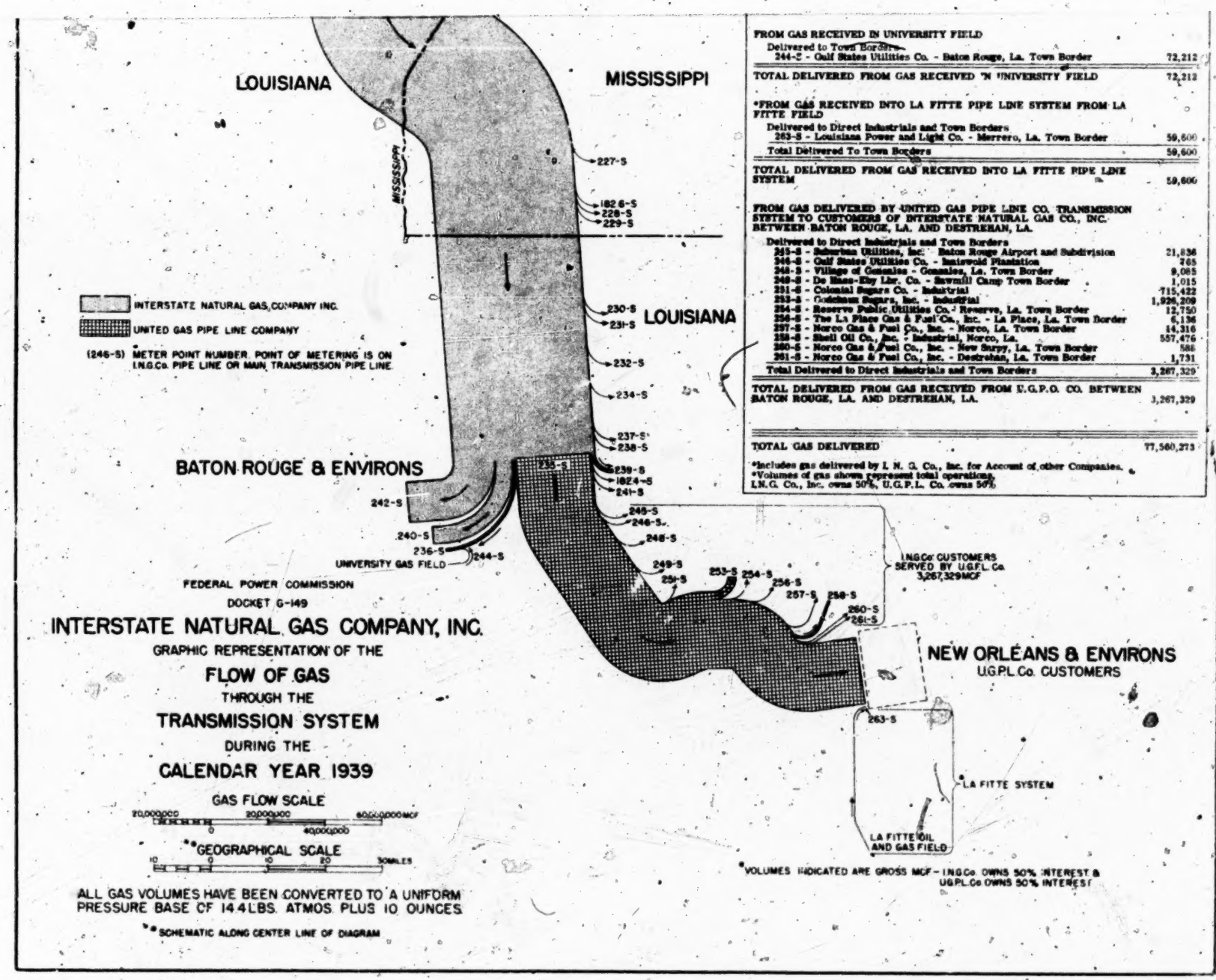

FROM GAS RECEIVED IN UNIVERSITY FIELD	
Delivered to Town Borders	
244-S - Gulf States Utilities Co. - Baton Rouge, La. Town Border	72,212
TOTAL DELIVERED FROM GAS RECEIVED IN UNIVERSITY FIELD	72,212
*FROM GAS RECEIVED INTO LA FITTE PIPE LINE SYSTEM FROM LA FITTE FIELD	
Delivered to Direct Industrials and Town Borders	
263-S - Louisiana Power and Light Co. - Merrero, La. Town Border	59,600
Total Delivered To Town Borders	59,600
TOTAL DELIVERED FROM GAS RECEIVED INTO LA FITTE PIPE LINE SYSTEM	59,600
FROM GAS DELIVERED BY UNITED GAS PIPE LINE CO. TRANSMISSION SYSTEM TO CUSTOMERS OF INTERSTATE NATURAL GAS CO., INC. BETWEEN BATON ROUGE, LA. AND DESTREHAN, LA.	
Delivered to Direct Industrials and Town Borders	
243-S - Suburban Utilities, Inc. - Baton Rouge Airport and Subdivision	21,838
244-S - Gulf States Utilities Co. - Ramswold Plantation	765
248-S - Village of Gonzales - Gonzales, La. Town Border	9,085
249-S - De Blanc-Kay Lbr. Co. - Sawmill Camp Town Border	1,015
251-S - Colonial Sugars Co. - Industrial	715,422
253-S - Godchaux Sugars, Inc. - Industrial	1,926,209
254-S - Reserve Public Utilities Co. - Reserve, La. Town Border	12,750
256-S - The La Place Gas & Fuel Co., Inc. - La Place, La. Town Border	6,136
257-S - Norco Gas & Fuel Co., Inc. - Norco, La. Town Border	14,316
258-S - Shell Oil Co., Inc. - Industrial, Norco, La.	557,476
260-S - Norco Gas & Fuel Co., Inc. - New Sarpy, La. Town Border	586
261-S - Norco Gas & Fuel Co., Inc. - Destrehan, La. Town Border	1,731
Total Delivered to Direct Industrials and Town Borders	3,267,329
TOTAL DELIVERED FROM GAS RECEIVED FROM U.G.P.C. CO. BETWEEN BATON ROUGE, LA. AND DESTREHAN, LA.	3,267,329
TOTAL GAS DELIVERED	77,560,273

*Includes gas delivered by I. N. G. Co., Inc. for Account of other Companies.
*Volumes of gas shown represent total operations.
I.N.G. Co., Inc. owns 50%, U.G.P.L. Co. owns 50%

Docket G-149.

Gas Balance.

The tabulation of production in the gas balance represents a summary of gas produced by the Interstate company from 1926 through 1940 on an annual basis by individual wells. The production as shown is on a uniform pressure basis of 14.4 pounds atmosphere plus 10-ounce base with assumed temperature of 60° Fahrenheit and a specific gravity of .60. This is the pressure basis prescribed by the Louisiana Department of Minerals and has been adopted in this exhibit as a uniform basis of measurement in a presentation of all of the analyses of the operations of the Interstate company.

The summary of gas shows the metered production of the company's wells as per company books and in accordance with the production as filed with the Louisiana State Department of Minerals plus gas used by the Interstate company in its Monroe Field operations.

The production of gas used in company operations was not reported to the Louisiana Department of Minerals and is not contained in the production records of the Interstate company since the company has the privilege of using gas for drilling purposes without payment of royalty or taxes. A portion of this gas was metered while some of it was estimated by members of the company's staff in Monroe, Louisiana, and by me.

The total gas tabulated has been considered to be gas produced by the company and is included as gas received in the gas balance. This total volume of gas has also been used as a basis of depletion.

It will be noted that production is shown for the years of 1929, 1940, 1941, and 1932 for company well numbers 30, 31, 32, 33, 34, and 35. The production of these wells during these years has been considered to be Interstate company production in accordance with recommendations of the Federal Power Commission's Examiners of Accounts since Mr. Edwin S. Hall acted as agent for the company in the purchase of these wells.

The following Schedules I to XII, inclusive, present a gas balance showing by years from 1926 through 1941 the total gas received by the company and the total gas delivered by the company in all of its operations in the States of Louisiana and Mississippi. All of the volumes are shown by points of metering and by location of gas received or name of consumer.

At my request, the Interstate Natural Gas Company supplied a metering statement for each point of metering on its entire system from 1926 through 1941. After receiving this information from the Interstate company, I assigned a number to each point of metering for reference purposes as shown in the tabulation of the gas balance.

All of the volumes of gas supplied to me by the company are the total volumes of gas which passed through each point of metering regardless of basis of billing.

After receiving these volumes of gas from the company, I requested the company to indicate on their company maps the exact location of each point of metering. I have indicated on the maps which are in this Exhibit the locations of points of metering.

An examination of the newly developed operations of the Interstate company in the University Gas Field indicated that the Interstate company purchases gas in that field and a part of this gas is delivered at a town border station for the City of Baton Rouge, Louisiana, and the remainder of the gas purchased in the University Field is delivered to the main transmission pipe line of United Gas Pipe Line Company between Baton Rouge, Louisiana, and New Orleans, Louisiana. Since the Interstate company has a town border station for the City of Baton Rouge, Louisiana, on the opposite side of the city from the University Field town border station, I decided that the deliveries from the main line were contingent upon the deliveries made by the University Field to the City of Baton Rouge, and that this portion of the University Field operations is a part of the main transmission.

As shown in the gas balance summary, there has been a gain in the pipe line system rather than a loss as reflected by the total gas received and the total gas delivered by the Interstate company. This is a very unusual condition to find in the operations of a gas company since it is the usual rule that there is experienced a loss of gas by the company in the operation of its plant between the points where gas is received and where gas is delivered.

After discussing this gain with the Interstate company and other companies operating in and out of the Monroe Gas Field, I find that this same condition is prevalent among other operators. I inquired of these companies to which they attributed this system gain, and after talking to engineers and operators of all of these systems, I find that various reasons have been given as to the cause, two of which are (1) that there is a devi-

ation factor due to the supercompressibility of the gas under the higher pressure at which it is measured at the Monroe Gas Field and a lower supercompressibility at the lower pressures at which it is measured at the points of delivery, (2) that the State Department of Minerals does not require the operators in the Monroe Gas Field to make temperature and gravity corrections to the gas when measuring it in the field, whereas the majority of the volume of gas at the point of delivery has these corrections applied to it.

In addition to talking to the companies concerning the matter of gain in volume of gas in the operations of the companies operating out of the Monroe Gas Field, I conferred with the State Department of Minerals and found that companies report this gain to the Department of Minerals.

Docket G-149

INTERSTATE NATURAL GAS CO., INC.

GAS BALANCE

In MCF - 1926 Through 1941

(Pressure Base: 14.4 Lbs. Atmos. plus 10 Oz.)

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	Total
SUMMARY OF GAS RECEIVED																	
MONROE GAS FIELD																	
Produced	5,714,398	790,549	363,620	1,232,811	2,558,803	3,273,158	3,343,173	2,407,090	3,435,726	8,069,501	12,871,998	24,242,542	25,399,871	30,743,475	25,792,564	28,819,814	170,009,00
Purchased and Exchanged	79,597	21,912,402	26,871,469	23,782,794	14,844,103	11,742,068	12,079,989	19,610,771	23,800,917	27,133,545	29,138,282	24,311,005	24,209,128	24,627,794	24,902,762	25,913,967	334,964,00
Received for Transportation	-	-	2,046,439	5,264,276	-	-	-	832,306	5,273,508	7,596,655	10,784,365	12,745,247	14,677,146	15,319,099	14,347,366	14,482,341	103,569,00
TOTAL MONROE GAS FIELD	5,793,995	22,702,951	29,281,528	30,279,881	17,402,906	15,015,226	15,423,162	22,850,167	32,510,151	42,799,701	52,794,645	61,298,794	64,286,145	70,690,368	64,842,692	69,216,222	617,538,00
RICHLAND GAS FIELD																	
Purchased	-	-		2,880,234	11,244,531	11,693,701	6,919,224	931,946	-	-	-	-	-	239,662	-	-	33,909,00
Received for Transportation and Exchange	-	-	-	7,410,023	12,962,430	12,598,009	12,116,592	11,198,814	8,215,487	6,715,941	5,580,951	6,317,679	4,324,237	2,264,939	-	-	89,705,00
TOTAL RICHLAND GAS FIELD	-	-	-	10,290,257	24,206,961	24,291,810	19,035,816	12,130,760	8,215,487	6,715,941	5,580,951	6,317,679	4,324,237	2,504,601	-	-	123,614,00
UNIVERSITY FIELD																	
Purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	71,555	2,868,967	4,907,994	7,848,00
LA PICE FIELD																	
Purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,073,154	2,141,085	4,214,00
LA PLACE FIELD																	
Purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,049,306	1,369,608	2,418,00
LIRETTE PIPE LINE SYSTEM																	
Raceland Field - Gas Purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	406,051	406,00
Lake Long Field - Gas Purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,539,138	3,363,276	5,102,00
Lirette Field - Gas Purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,720,020	5,168,642	6,888,00
DuLarge Field - Gas Purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	728,125	728,00
TOTAL LIRETTE PIPE LINE SYSTEM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,259,966	10,246,094	13,506,00
LA FITTE PIPE LINE SYSTEM																	
La Fitte Field - Gas Purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	57,570	1,612,218	1,850,096	3,519,00
GAS RECEIVED FROM UNITED GAS PIPE LINE COMPANY SYSTEM BETWEEN BATON ROUGE AND DESTREHAN, LA.	-	-	2,724,002	3,087,168	2,685,837	2,588,646	- 2,448,122	2,233,203	2,498,981	2,978,407	3,174,476	3,511,720	3,142,951	3,267,329	4,983,567	4,840,354	44,165,00
TOTAL GAS RECEIVED	5,793,995	22,702,951	32,005,530	43,657,306	44,295,744	41,895,682	36,907,100	37,214,430	43,224,619	52,494,049	61,550,072	71,128,193	71,753,333	76,591,223	80,689,870	94,571,953	816,476,00
SUMMARY OF GAS DELIVERED																	
DELIVERED IN MONROE GAS FIELD	5,266,258	5,543,467	6,438,827	8,157,094	8,847,893	10,005,258	10,251,281	11,586,054	12,873,819	15,926,998	17,943,117	23,215,469	22,772,384	23,785,472	22,248,779	25,345,636	220,457,00
DELIVERED FROM MAIN TRANSMISSION LINE - MONROE GAS FIELD TO BATON ROUGE, LA.	-	17,643,101	23,686,086	33,773,148	33,945,613	30,470,699	25,351,143	24,512,059	28,909,409	35,182,585	41,882,922	45,789,872	47,065,368	50,375,660	43,811,714	45,018,415	527,415,00
DELIVERED FROM GAS RECEIVED FROM UNIVERSITY FIELD	-	-	-	-	-	-	-	-	-	-	-	-	-	72,212	2,954,414	5,056,057	8,082,00
DELIVERED FROM GAS RECEIVED FROM LA PICE FIELD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,090,599	2,174,876	4,265,00
DELIVERED FROM GAS RECEIVED FROM LA PLACE FIELD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,049,338	1,369,837	2,419,00
DELIVERED FROM LIRETTE PIPE LINE SYSTEM FROM GAS RECEIVED FROM RACELAND, LAKE LONG, LIRETTE AND DU LARGE FIELDS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,266,132	10,429,530	13,695,00
DELIVERED FROM LA FITTE PIPE LINE SYSTEM FROM GAS RECEIVED FROM LA FITTE FIELDS	-	-	-	-	-	-	-	-	-	-	-	-	-	59,600	1,645,258	1,907,570	3,612,00
GAS DELIVERED FROM GAS RECEIVED FROM UNITED GAS PIPE LINE COMPANY SYSTEM BETWEEN BATON ROUGE AND DESTREHAN, LA.	-	-	2,724,002	3,087,168	2,685,837	2,588,646	2,448,122	2,233,203	2,498,981	2,978,407	3,174,476	3,511,720	3,142,951	3,267,329	4,983,567	4,840,354	44,165,00
TOTAL GAS DELIVERED	5,266,258	23,186,568	32,848,915	45,017,410	45,479,343	43,064,603	38,050,546	38,331,316	44,282,209	54,087,990	63,000,515	72,547,061	72,980,703	77,560,273	82,069,818	96,140,575	893,586,00
NET LOSS OR GAIN	(527,737)	483,617	843,385	1,360,104	1,183,699	1,168,921	1,143,446	1,116,886	1,057,590	1,593,941	1,450,443	1,418,868	1,227,370	989,050	1,859,948	1,568,622	17,110,00
PERCENT LOSS OR GAIN (Based on Receipts)	(9.11)	2.13	2.64	4.12	2.67	2.75	3.10	3.00	2.45	3.04	2.36	1.99	1.71	1.27	1.69	1.66	2.10

Note: Volumes of gas shown represent total operations.

In MCF - 1956 Through 1961

(Pressure Base: 14.6 Lbs. Absol. plus 10 Oz.)

Meter Point No.	L.P.G. Co. Well No.	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	Total
1	1	218,978	1,808	-	30,884	2,400	-	-	-	-	45,172	204,288	239,956	182,860	137,708	128,759	705,481	1,389,987
2	2	612,099	6,822	-	10,677	-	-	-	-	-	373,119	828,711	787,365	619,903	404,923	269,122	222,898	3,982,686
3	3	722,867	7,240	6,178	13,096	-	-	48,283	26,008	77,998	641,758	875,036	801,221	861,215	580,690	212,184	4,677,552
4	4	665,530	1,783	-	1,972	-	-	58,838	-	80,781	238,614	408,367	468,874	619,494	600,947	563,675	494,921	4,106,930
5	5	580,908	-	-	1,628	-	-	28,149	-	57,697	123,938	320,960	470,998	398,497	387,019	384,389	107,936	2,828,541
6	6	987,644	4,842	98,008	34,046	32,554	22,569	304,311	9,499	130,621	448,851	691,894	788,804	621,406	432,205	306,642	172,637	4,796,241
7	7	600,852	19,914	1,808	40,615	26,080	14,058	175,834	11,397	143,580	681,998	844,988	730,643	619,637	388,108	288,088	169,291	4,196,493
8	8	1,308,130	620,821	210,811	69,828	108,588	171,228	188,283	78,188	291,804	961,080	982,289	868,980	809,141	784,731	804,988	328,286	7,636,115
9	9	112,072	99,845	13,198	2,541	-	-	111,808	19,088	90,884	110,489	196,089	198,278	163,988	116,246	79,495	113,416	1,361,212
10	10	-	18,287	-	-	-	-	-	-	-	38,788	88,385	208,409	137,154	148,238	98,138	181,814	879,194
11	12	-	-	46,885	91,888	234,990	187,062	138,111	173,708	188,308	219,380	187,006	287,677	221,788	201,809	200,073	182,837	2,610,190
12	13	-	-	-	8,100	128,887	220,982	201,486	182,778	193,134	224,489	259,855	301,902	282,898	240,814	188,687	241,288	2,806,826
13	14	-	-	-	13,000	-	-	-	-	-	17,145	181,712	238,753	159,184	171,843	121,784	144,632	1,048,807
14	15	-	-	-	272,880	168,887	234,607	198,780	182,849	206,494	430,978	327,388	219,675	184,308	109,725	111,098	88,882	2,676,631
15	16	-	-	-	12,000	119,086	84,281	6,817	-	13,313	105,182	280,888	347,910	287,358	244,757	182,438	288,088	1,820,660
16	17	-	-	-	-	80,885	83,281	-	-	-	-	-	-	-	-	-	-	164,488
17	18	-	-	-	-	188,897	188,840	-	-	-	-	-	-	-	-	-	-	332,337
18	19	-	-	-	-	194,898	180,800	-	-	-	-	-	-	-	-	-	-	334,498
19	20	-	-	-	-	188,628	188,884	-	-	-	-	-	-	-	-	-	-	324,870
20	21	-	-	-	238,219	121,892	238,898	181,759	169,408	228,718	944,900	188,191	178,084	121,888	121,881	118,808	114,884	2,894,222
21	22	-	-	-	-	68,848	128,181	123,889	109,858	188,028	188,848	173,170	108,028	-	-	-	-	1,088,894
22	23	-	-	-	-	10,800	112,868	134,778	80,814	19,538	184,888	167,828	217,008	288,887	189,888	148,821	127,822	1,728,424
23	24	-	-	-	-	181,178	22,088	8,888	-	8,978	97,888	248,888	209,088	278,428	187,828	288,048	1,771,807
24	25	-	-	-	-	188,828	21,880	8,488	-	14,888	98,844	218,048	242,128	288,238	198,788	148,184	847,788	1,721,718
25	26	-	-	-	-	-	118,888	188,178	1,487	18,882	148,978	178,874	248,838	288,128	188,888	188,288	188,888	1,711,078
26	27	-	-	-	-	-	-	-	-	-	48,188	118,888	188,888	188,788	188,888	188,488	184,218	978,871
27	28	-	-	-	-	-	-	88,888	148,888	178,288	281,788	248,878	818,188	282,848	218,778	282,888	868,842	2,188,172
28	29	-	-	-	-	-	-	78,888	147,788	148,888	282,288	248,878	248,481	288,188	288,888	288,888	888,818	2,280,888
29	30	-	-	-	188,888	288,288	181,844	178,888	188,888	172,888	188,828	178,488	288,128	228,887	188,788	182,878	142,878	2,588,888
30	31	-	-	-	218,818	218,888	882,788	888,888	881,778	948,887	1,182,788	1,088,888	1,118,147	888,727	888,222	888,788	1,184,888	9,888,888
31	32	-	-	-	8,888	182,782	187,188	178,887	178,818	184,888	188,882	188,887	288,887	287,118	288,887	184,881	888,878	2,288,178
32	33	-	-	-	-	88,288	178,488	188,788	288,881	188,888	288,282	188,888	288,888	288,818	288,888	188,888	288,888	2,887,888
33	34	-	-	-	-	-	-	-	-	-	-	-	178,888	288,188	888,178	888,888	888,118	1,888,188
34	35	-	-	-	-	-	-	118,218	78,887	-	78,118	218,888	888,188	271,888	284,888	888,888	888,118	1,788,188
35	37	-	-	-	-	-	-	-	-	-	188,888	188,888	178,888	142,488	188,888	177,871	181,848	1,128,988
36	38	-	-	-	-	-	-	-	-	-	488,888	488,881	888,888	888,888	878,888	278,887	887,188	3,178,888
37	39	-	-	-	-	-	-	-	-	-	248,888	818,878	278,888	188,888	188,881	188,888	888,788	1,888,887
38	388	-	-	-	-	-	-	-	-	-	118,888	111,888	88,888	88,888	87,888	112,887	818,888	
39	40	-	-	-	-	-	-	-	-	-	188,888	188,888	188,888	188,888	188,888	188,888	188,888	
40	41	-	-	-	-	-	-	-	-	-	888,888	888,888	888,888	888,888	888,888	888,888	888,888	
41	42	-	-	-	-	-	-	-	-	-	888,888	888,888	888,888	888,888	888,888	888,888	888,888	
42	43	-	-	-	-	-	-	-	-	-	888,888	888,888	888,888	888,888	888,888	888,888	888,888	
43	44	-	-	-	-	-	-	-	-	-	888,888	888,888	888,888	888,888	888,888	888,888	888,888	
44	45	-	-	-	-	-	-	-	-	-	888,888	888,888	888,888	888,888	888,888	888,888	888,888	
45	46	-	-	-	-	-	-	-	-	-	888,888	888,888	888,888	888,888	888,888	888,888	888,888	
46	47	-	-	-	-	-	-	-	-	-	888,888	888,888	888,888	888,888	888,888	888,888	888,888	
47	48	-	-	-	-	-	-	-	-	-	888,888	888,888	888,888	888,888	888,888	888,888	888,888	
48	49	-	-	-	-	-	-	-	-	-	888,888	888,888	888,888	888,888	888,888	888,888	888,888	
49	50	-	-	-	-	-	-	-	-	-	888,888	888,888	888,888	888,888	888,888	888,888	888,888	
50	51	-	-	-	-	-	-	-	-	-	888,888	888,888	888,888	888,888	888,888	888,888	888,888	
51	52	-	-	-	-	-	-	-	-	-	888,888	888,888	888,888	888,888	888,888	888,888	888,888	
52	53	-	-	-	-	-	-	-	-	-	888,888	888,888	888,888	888,888	888,888	888,888	888,888	
53	54	-	-	-	-	-	-	-	-	-	888,888	888,888	888,888	888,888	888,888	888,888	888,888	
54	55	-	-	-	-	-	-	-	-	-	888,888	888,888	888,888	888,888	888,888	888,888	888,888	
55	56	-	-	-	-	-	-	-	-	-	888,888	888,888	888,888	888,888	888,888	888,888	888,888	

Docket 6-169

GAS RECEIVED FROM GAS PRODUCED BY I.M.O. CO., INC. IN MONROE GAS FIELD - CONT'D.

In MCF - 1926 through 1941

(Pressure Base: 14.4 Lbs. Atmos. plus 10 Oz.)

Ft. Meter Point No.	I.M.O. Co. Well No.	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	Total
56	57	-	-	-	-	-	-	-	-	-	-	-	1,014,923	638,856	760,103	732,061	550,153	3,700,096
57	58	-	-	-	-	-	-	-	-	-	-	-	334,662	193,088	273,395	161,843	683,224	1,646,106
58	59	-	-	-	-	-	-	-	-	-	-	-	163,922	246,742	187,997	213,791	134,970	946,822
59	60	-	-	-	-	-	-	-	-	-	-	-	241,845	282,352	220,275	304,926	123,068	1,091,416
60	61	-	-	-	-	-	-	-	-	-	-	-	611,208	481,630	508,628	281,208	541,998	2,404,687
61	62	-	-	-	-	-	-	-	-	-	-	-	887,081	686,263	897,631	867,096	387,702	3,344,782
62	63	-	-	-	-	-	-	-	-	-	-	-	144,309	183,866	183,419	177,619	271,015	960,217
63	64	-	-	-	-	-	-	-	-	-	-	-	92,048	531,898	644,382	370,136	500,312	2,098,971
64	65	-	-	-	-	-	-	-	-	-	-	-	47,086	483,272	868,631	334,701	504,848	1,936,292
65	66	-	-	-	-	-	-	-	-	-	-	-	251	610,421	676,633	510,118	686,579	2,283,902
66	67	-	-	-	-	-	-	-	-	-	-	-	290	482,368	841,592	604,813	753,191	2,682,301
67	68	-	-	-	-	-	-	-	-	-	-	-	188,951	437,886	442,648	301,780	337,898	1,663,453
68	69	-	-	-	-	-	-	-	-	-	-	-	132,014	525,989	474,349	261,753	294,647	1,688,752
69	70	-	-	-	-	-	-	-	-	-	-	-	104,732	467,749	250,352	282,618	326,977	1,518,128
70	71	-	-	-	-	-	-	-	-	-	-	-	97,905	366,737	315,594	276,330	445,199	1,498,225
71	72	-	-	-	-	-	-	-	-	-	-	-	126,099	543,148	450,883	343,346	323,400	1,784,976
72	73	-	-	-	-	-	-	-	-	-	-	-	49,890	502,941	344,881	349,033	317,821	1,163,766
73	74	-	-	-	-	-	-	-	-	-	-	-	230	386,206	618,736	321,987	179,408	1,306,569
74	75	-	-	-	-	-	-	-	-	-	-	-	198,739	709,843	880,908	786,809	487,161	3,011,965
75	76	-	-	-	-	-	-	-	-	-	-	-	-	32,401	188,197	181,280	108,893	507,971
76	77	-	-	-	-	-	-	-	-	-	-	-	107,121	476,842	838,686	753,989	908,347	2,899,683
77	78	-	-	-	-	-	-	-	-	-	-	-	-	163,424	210,866	204,827	242,616	827,732
78	79	-	-	-	-	-	-	-	-	-	-	-	28,881	102,490	99,540	107,108	140,084	477,763
80	81	-	-	-	-	-	-	-	-	-	-	-	-	108,908	188,274	189,719	230,819	712,457
													-	114,082	280,698	243,482	249,494	887,806
81	82	-	-	-	-	-	-	-	-	-	-	-	-	78,457	217,982	208,168	216,431	713,038
82	83	-	-	-	-	-	-	-	-	-	-	-	-	40,281	85,899	89,825	154,433	370,918
83	84	-	-	-	-	-	-	-	-	-	-	-	-	82,010	296,667	275,869	316,194	941,250
84	85	-	-	-	-	-	-	-	-	-	-	-	-	88,318	480,008	416,001	594,327	1,986,641
85	86	-	-	-	-	-	-	-	-	-	-	-	-	80,979	306,295	275,862	223,908	886,630
86	87	-	-	-	-	-	-	-	-	-	-	-	-	72,660	484,368	387,877	217,796	1,084,098
87	88	-	-	-	-	-	-	-	-	-	-	-	-	107,652	704,087	382,281	564,860	1,758,880
88	89	-	-	-	-	-	-	-	-	-	-	-	-	63,288	782,319	641,814	386,554	1,873,975
90	91	-	-	-	-	-	-	-	-	-	-	-	-	-	825,678	499,488	372,567	1,697,733
													-	-	807,675	640,889	781,118	1,879,682
91	92	-	-	-	-	-	-	-	-	-	-	-	-	-	186,571	218,171	277,365	682,107
94	95	-	-	-	-	-	-	-	-	-	-	-	-	-	73,817	201,087	129,583	404,487
95	96	-	-	-	-	-	-	-	-	-	-	-	-	-	89,883	334,709	138,045	562,647
96	97	-	-	-	-	-	-	-	-	-	-	-	-	-	-	278,082	188,929	466,011
													-	-	-	144,121	187,987	332,108
98	99	-	-	-	-	-	-	-	-	-	-	-	-	-	-	88,909	182,108	271,018
97	98	-	-	-	-	-	-	-	-	-	-	-	-	-	-	88,816	201,280	290,096
98	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80,127	236,687	316,814
100	101	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42,062	279,830	321,892
													-	-	-	74,188	229,686	303,874
101	102	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46,700	187,083	232,783
102	103	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,764	196,249	234,013
Total																		

Docket 6-149.

GAS RECEIVED FROM GAS PRODUCED BY I.N.G. CO., INC.* IN MONROE GAS FIELD - CONT'D.

In MCF - 1926 Through 1941

(Pressure Base: 14.4 Lbs. Atmos. plus 10 Oz.)

Meter Point No.	I.N.G. Co. Well No.	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	Total
-	104	--	-	-	-	-	-	-	-	-	-	-	-	-	-	-	73,593	73,593
-	105	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	73,519	73,519
-	106	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	107,997	107,997
-	107	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	101,600	101,600
-	108	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,883	5,883
-	109	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49,774	49,774
-	110	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	57,497	57,497
-	111	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34,330	34,330
-	112	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	134	134
-	113	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,987	5,987
-	114	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	91,329	91,329
-	115	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	98,823	98,823
TOTAL		8,714,398	780,849	363,620	1,232,811	2,888,908	3,173,188	3,963,173	2,407,080	3,686,726	8,088,801	12,871,998	24,242,542	23,390,871	20,763,678	28,788,864	28,319,816	179,089,082

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SCHEDULE II
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Docket G-149

GAS RECEIVED THROUGH PURCHASE AND EXCHANGE IN MONROE GAS FIELD

In MCF - 1926 Through 1941

(Pressure Base: 14.4 Lbs. Atmos. plus 10 Oz.)

Meter Point No.	Received From	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940
103-P	Fred Stovall - Well No. 1	-	-	-	-	-	137,557	182,632	182,572	184,306	191,983	190,246	194,209	184,606	178,382	186,276
104-P	Louisiana Gas Lands, Inc. - Stephenson No. 1	-	-	-	-	-	38,137	157,647	138,692	151,068	159,263	149,927	146,951	163,812	157,774	168,211
105-P	J. B. Bond - Baumgarten No. 1	-	-	-	-	293,879	300,968	278,588	259,025	236,658	212,555	177,654	150,304	115,872	107,291	112,405
106-P	" " " - " No. 2	-	-	-	-	287,468	264,998	234,230	224,807	203,497	176,497	144,793	122,265	88,107	85,070	96,359
107-P	Arent & Gunby - Hunter McCormick No. 2	-	-	-	-	-	-	135,614	164,312	122,089	-	-	-	-	-	-
108-P	Arent & Gunby - Hunter McCormick No. 3	-	-	-	-	-	-	162,506	283,140	236,836	-	-	-	-	-	-
109-P	" " " - " " " No. 4	-	-	-	-	-	-	156,893	273,408	247,145	-	-	-	-	-	-
110-P	" " " - " " " No. 5	-	-	-	-	-	-	157,783	263,848	198,166	-	-	-	-	-	-
117-P	Maury Drilling Co. - McEwen No. 3	20,137	365,172	425,927	471,583	408,030	293,265	253,996	277,690	267,708	214,468	172,180	53,372	-	-	-
118-P	" " " - " " No. 4	25,346	548,652	456,540	441,284	413,032	349,883	338,248	336,946	340,502	320,827	251,609	78,076	-	-	-
119-P	Maury Drilling Co. - McEwen No. 5	-	-	-	-	32,254	228,745	230,650	206,197	214,258	209,179	167,089	50,348	-	-	-
120-P	" " " - Frierson No. 2	-	216,665	296,964	345,598	331,090	300,839	277,954	279,655	279,420	259,504	209,762	61,317	-	-	-
121-P	" " " - " No. 5	-	-	-	-	-	-	-	-	-	64,015	182,375	51,843	-	-	-
122-P	Hatcher & Evans - Hatcher No. 3	8,989	346,617	393,438	351,684	310,750	312,174	303,140	281,769	307,528	231,711	184,004	52,409	-	-	-
123-P	" " " - " No. 4	21,738	378,980	328,813	325,932	278,374	310,983	265,120	262,891	283,783	195,372	144,330	40,654	-	-	-
124-P	Hatcher & Evans - Hatcher No. 5	3,387	409,202	429,504	411,468	352,530	354,981	342,729	351,298	357,302	306,577	229,344	63,434	-	-	-
125-P	" " " - " No. 8	-	-	-	175,621	235,540	192,264	188,676	203,838	173,917	128,579	101,795	30,565	-	-	-
126-P	" " " - " No. 11	-	-	-	-	-	-	-	-	-	229,313	357,570	109,377	-	-	-
127-P	Southern Carbon Co. - Perryville No. 1 Station	-	4,963,488	6,383,148	5,638,722	667,930	447,189	419,926	150,629	722,427	441,320	175,611	-	-	-	-
128-P	" " " - " " No. 2 "	-	-	813,868	5,055,072	1,000,316	10,097	251,610	2,847,059	5,592,291	6,039,114	2,697,114	334,443	4,125,974	2,559,237	4,971,683
129-P	Southern Carbon Co. - Fairbanks Station	-	1,816,819	3,404,368	1,411,052	677,175	16,336	8,622	1,034,293	752,406	3,337,673	6,932,308	*5,180,602	*5,841,896	*7,615,301	*7,738,005
130-P	" " " - Guthrie "	-	-	-	-	-	-	-	-	-	-	2,619,149	4,649,746	189,989	280,882	126,926
136-P	United Carbon Co. - P-1 Station	-	7,047,348	8,196,562	7,531,906	7,274,989	7,340,442	7,364,464	9,258,483	9,529,698	8,026,624	4,547,074	3,878,373	4,008,194	3,963,145	4,087,489
137-P	" " " - P-13 "	-	590,200	-	-	-	-	-	397,796	1,974,233	3,988,266	6,941,168	*5,672,767	*5,833,271	*5,843,687	*5,587,128
138-P	" " " - Rabun No. 1	-	-	186,770	598,596	390,167	-	-	-	-	-	-	-	-	-	-
145-P	United Carbon Co. - Rabun No. 2 - Exchange Gas	-	-	-	-	-	-	-	-	-	-	-	-	6,311	177,414	185,113
-	" " " Drilling Well No. 96	-	-	-	-	-	-	-	-	-	-	-	-	-	1,639	-
-	" " " " " " 96	-	-	-	-	-	-	-	-	-	-	-	-	-	1,532	-
146-P	United Gas Pub. Serv. Co.-J.T.Cole No. 1	-	169,021	342,682	360,341	313,365	150,940	7,027	-	-	-	-	-	-	-	-
147-P	" " " " " " No. 2	-	256,880	330,947	324,118	301,188	146,353	6,744	-	-	-	-	-	-	-	-
148-P	United Gas Pub. Serv. Co.-J.T.Cole No. 3	-	156,447	447,217	318,143	323,708	140,319	5,178	-	-	-	-	-	-	-	-
149-P	" " " " " " No. 4	-	14,705	312,244	325,108	289,391	124,798	3,072	-	-	-	-	-	-	-	-
150-P	" " " " " -Kate Cole No. 1	-	336,752	241,678	58,592	-	-	-	-	-	-	-	-	-	-	-
151-P	" " " " " " No. 2	-	342,180	344,737	179,822	277,277	105,336	7,521	-	-	-	-	-	-	-	-
152-P	" " " " " " No. F	-	-	42,792	24,541	-	-	-	-	-	-	-	-	-	-	-
153-P	United Gas Pub. Serv. Co. - Kate Cole No. 4	-	-	179,387	185,542	80,184	26,128	-	-	-	-	-	-	-	-	-
154-P	" " " " - Hilsaps No. 2	-	691,331	542,946	194,127	305,469	117,753	5,695	-	-	-	-	-	-	-	-
155-P	" " " " " No. 3	-	1,336,300	930,114	320,819	-	-	-	-	-	-	-	-	-	-	-
156-P	" " " " " No. 4	-	738,070	1,063,716	302,908	-	-	-	-	-	-	-	-	-	-	-
157-P	" " " " - Potts No. 2	-	99,714	-	-	-	-	-	-	-	-	-	-	-	-	-
158-P	United Gas Pub. Serv. Co. - Central Imigration No. 1	-	1,198,179	777,087	350,218	-	-	-	-	-	-	-	-	-	-	-
160-P	Hope Producing Co.-Cole Meter Sta.-Exchange Gas	-	-	-	-	-	-	-	-	194,420	1,080,782	1,201,994	1,928,078	2,437,800	2,302,240	2,251,712
161-P	" " " " " -Purchase Gas	-	-	-	-	-	-	-	87,480	1,114,753	1,107,757	1,110,792	1,107,757	1,107,757	1,107,757	1,110,792
164-P	" " " - Guthrie Station	-	-	-	-	-	-	218,674	1,710,106	-	-	-	-	-	-	-
167-P	" " " - U. S. Government No. 1	-	-	-	-	-	31,583	118,048	136,188	146,518	212,166	280,396	356,115	305,838	256,443	310,883
	TOTAL	79,597	21,912,402	26,871,469	23,782,754	14,844,108	11,742,068	12,079,969	19,610,771	23,800,917	27,133,545	29,138,282	24,311,006	24,209,128	24,627,794	24,902,762

* Includes exchange gas

GAS RECEIVED FOR TRANSPORTATION THRO... ROE GAS FIELD
In MCF - 1926 through 1940
(Pressure Base: 14.4 Lbs. Atmos. plus 10 Oz.)

SCHEDULE IV

Sheet 6-149

	1938	1939	1940	1941	Total
	184,606	178,382	186,276	160,941	1,943,30
	163,812	157,774	168,211	158,964	1,890,43
	115,872	107,291	112,406	93,578	2,338,77
	88,107	86,070	96,369	130,113	2,087,90
	-	-	-	-	422,01
	-	-	-	-	882,48
	-	-	-	-	677,14
	-	-	-	-	819,77
	-	-	-	-	3,223,52
	-	-	-	-	3,900,94
	-	-	-	-	1,338,72
	-	-	-	-	2,858,70
	-	-	-	-	298,23
	-	-	-	-	3,084,21
	-	-	-	-	2,806,87
	-	-	-	-	3,611,75
	-	-	-	-	1,430,78
	-	-	-	-	896,26
	-	-	-	-	18,000,39
	4,125,974	2,559,237	2,971,483	4,304,363	38,602,04
	•5,641,695	•7,615,301	•7,738,005	•7,619,388	•83,188,24
	189,989	280,882	126,926	-	7,986,69
	4,008,194	3,953,145	4,087,489	3,327,492	95,370,26
	•5,833,271	•5,843,687	•5,567,128	•5,633,879	•42,462,30
	-	-	-	-	1,178,53
	6,311	177,414	185,113	238,743	607,56
	-	1,639	-	-	1,63
	-	1,532	-	-	1,53
	-	-	-	-	-,343,37
	-	-	-	-	1,366,01
	-	-	-	-	1,391,00
	-	-	-	-	1,049,31
	-	-	-	-	637,02
	-	-	-	-	1,256,87
	-	-	-	-	87,33
	-	-	-	-	471,24
	-	-	-	-	1,757,32
	-	-	-	-	2,567,23
	-	-	-	-	2,184,69
	-	-	-	-	99,71
	-	-	-	-	2,326,48
78	2,437,800	2,302,240	2,251,712	2,768,978	14,166,00
87	1,107,787	1,107,757	1,110,792	1,107,787	8,962,57
	-	-	-	-	1,926,08
15	305,538	256,443	310,063	369,773	2,492,61
05	24,209,128	24,627,794	24,902,762	28,913,567	334,960,19

Delivered for Exchan
133-P-Southern Car
134-P- " "
135-P- " "
140-P-United Carbon
141-P- " "
142-P-United Carbon
143-P- " "
144-P- " "
Total Gas Delivered

Delivered to Pipe Li
176-S-Southern Nat
177-S-Miss. River
178-S-United Gas P
Co. at Outh
179.1-S-United Gas
179-S-United Gas P

180-S-United Gas P
185-S-Spencer Gas
186-S-Columbian Ca
189-S-Union Pwr. C
190-S-Arkansas-Loui

191-S-United Gas P
Tunnie Sta.
192-S-La. Pwr. & L
193-S-Union Drillin
194-S-Sultana Drill
195-S-Stovall Drill

196-S-Crescent Dril
198-S-Federal Petro
198-S-Frost Lumber
197-S-Hamp Frisbee
198-S-Horseshoe Ca

199-S-S. D. Hunter
200-S-Magnolia Gas
201-S-E. A. McPhers
202-S-Palmer Corp.
203-S-J. J. Parks

204-S-Pelican Natur
205-S-Mary Schwab
206-S-Sid Simmons
207-S-Jordan & Comp
272-S-W. W. Corpora

Total Gas Del. to Pipe

Company Use
181-S-De Siard Stat
182-S-Gas From Well
182-S " " "
182-S " " "
182-S " " "

182-S-Gas From Well
182-S " " "
182-S " " "
182-S " " "
182-S " " "

182-S-Gas From Well
182.2-S-Spencer Comm
182.2-S-Spencer Lease
- United Carbon
- " "

- Drilling & Rep
- Testing & Repa
- Employees' Hou

Total Company Use

SCHEDULE IV

47	14,077,146	15,319,099	14,147,366	14,482,841	103,169,56

TOTAL GAS DELIVERED

Sheet 0-149

GAS DELIVERED: MONROE GAS FIELD

SCHEDULE IX

In MCF - 1926 Through 1941

(Pressure Base: 14.4 Lbs. Atmos. plus 16 Oz.)

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	Total
Delivered for Exchange from I.N.G. Co. Wells																	
23-F-Southern Carbon Co. (from Well No. 8)	-	-	-	-	-	-	-	-	-	-	-	-	163,296	109,725	111,096	98,808	482,929
24-F- " " " (" " " 21)	-	-	-	-	-	-	-	-	-	-	-	-	130,896	121,601	118,609	116,338	487,104
25-F- " " " (" " " 86)	-	-	-	-	-	-	-	-	-	-	-	10,741	87,591	42,929	39,491	76,686	257,328
26-F-United Carbon Co. (" " " 34)	-	-	-	-	-	-	-	-	-	-	-	177,730	248,125	248,358	164,868	-	839,081
27-F- " " " (" " " 63)	-	-	-	-	-	-	-	-	-	-	-	144,309	183,555	183,419	148,629	-	660,212
32-F-United Carbon Co. (from Well No. 79)	-	-	-	-	-	-	-	-	-	-	-	26,881	102,490	99,848	80,206	-	710,625
33-F- " " " (" " " 81)	-	-	-	-	-	-	-	-	-	-	-	-	78,457	217,982	166,063	-	459,482
34-F- " " " (" " " 83)	-	-	-	-	-	-	-	-	-	-	-	-	40,601	98,309	73,815	-	209,465
Total Gas Delivered for Exchange from I.N.G. Co. Wells	-	-	-	-	-	-	-	-	-	-	-	361,361	1,001,673	1,118,771	902,789	291,832	3,706,426
Delivered to Pipe Line Companies and to Field Consumers																	
18-S-Southern Natural Gas Co. - Perryville Sta.	-	-	-	161,168	8,875	386,121	83,934	686,177	1,609,438	4,404,332	7,239,778	8,614,343	8,291,333	8,997,296	10,210,006	11,773,286	62,465,404
19-S-Miss. River Fuel Corp. - " "	-	-	-	56,761	1,843,438	2,288,235	2,806,494	2,881,307	2,173,161	2,104,361	4,313,483	7,419,148	6,334,306	6,889,336	6,840,063	8,260,092	53,160,130
20-S-United Gas P.L. Co. (For Memphis Natural Gas Co. at Guthrie Sta.)	-	-	-	-	2,680,778	2,860,240	2,107,635	2,030,613	2,322,570	2,642,689	3,208,322	3,894,433	4,144,427	4,433,088	3,611,660	4,240,818	38,254,557
19.1-S-United Gas P.L. Co.-Field Line Testing	-	-	-	-	-	-	-	-	-	-	-	462	-	-	-	-	462
19-S-United Gas P.L. Co.(I.N.G. Co. from Well No.96)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	273,082	190,221	466,303
20-S-United Gas P.L. Co.(I.N.G. Co. from Well No.96)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	104,181	168,602	-332,753
21-S-Spencer Gas Company	-	1,343	1,854	1,854	1,466	462	-	-	-	-	-	-	-	-	-	-	6,698
16-S-Columbian Carbon Co.-Union Pwr.Co.predecessor	1,434,641	4,176,901	4,144,799	4,698,156	146,276	-	-	-	-	-	-	-	-	-	-	-	14,486,772
17-S-Union Pwr. Co., Tr.-Spencer Carbon Plant	2,421,089	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,421,069
18-S-Arkansas-Louisiana Gas Co. - Pumce Sta.	-	-	-	82,313	405,684	450,257	504,302	363,266	428,868	378,965	404,229	409,857	401,215	371,181	-	-	4,200,677
18-S-United Gas P.L. Co.-Dixie Gulf Gas Co. - Pumcie Sta.	-	-	-	122,365	416,411	338,216	1,160,834	2,132,814	2,103,441	2,161,603	2,143,288	2,155,735	2,144,432	1,819,943	-	-	16,694,892
19-S-La. Pwr. & Lt. Co.-Sterlington Pwr. Plant	1,330,681	1,224,409	2,084,958	2,865,723	3,424,896	3,584,452	3,491,387	3,659,289	3,946,951	3,986,829	-	-	-	-	-	-	29,499,254
21-S-Union Drilling Company	-	-	-	350	-	-	-	-	-	-	-	-	-	-	-	-	350
18-S-Sultana Drilling Co. (from Well No. 12)	-	-	5,440	-	2,432	-	-	-	-	-	-	-	1,700	-	-	-	7,572
23-S-Stovall Drilling Co.	-	-	-	16,900	4,000	-	-	-	-	-	-	-	-	-	-	-	22,600
24-S-Crescent Drilling Co.	-	-	-	-	-	4,100	-	-	-	-	-	-	-	-	-	-	4,100
14-S-Federal Petroleum Co. (from Well No. 1)	-	-	-	-	-	-	-	-	-	-	35,663	-	-	-	-	-	35,663
15-S-Frost Lumber Industries (from Well No. 1)	-	12,264	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,264
27-S-Camp Frisbee-Summer Camp	120	375	360	360	360	360	180	30	-	-	-	-	-	-	-	-	2,145
28-S-Horseshoe Camp - Summer Camp	-	-	-	-	-	-	75	195	126	153	-	-	-	-	-	-	549
29-S-S. D. Hunter - Well Drilling	-	-	-	8,900	300	-	-	-	-	-	-	-	-	-	-	-	9,200
30-S-Magnolia Gas Co. - Field Tap	-	-	150	-	-	-	-	-	-	-	-	-	-	-	-	-	150
31-S-E. A. McPherson - " "	-	-	150	-	-	-	-	-	-	-	-	-	-	-	-	-	150
32-S-Fisher Corp. for L. Ballard	-	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6
33-S-J. J.&Parks	60	158	-	-	-	-	-	-	-	-	-	-	-	-	-	-	218
34-S-Pelican Natural Gas Co.	-	-	-	-	3,500	-	-	-	-	-	-	-	-	-	-	-	3,500
35-S-Mary Schwab	90	83	-	-	-	-	-	-	-	-	-	-	-	-	-	-	173
36-S-Sid Simmons Drilling Co.	-	5,000	8,400	-	-	-	-	-	-	-	-	-	-	-	-	-	13,400
37-S-Jordan & Company, Inc. (Well Drilling)	-	-	-	3,600	2,700	2,700	-	-	-	-	-	-	-	-	-	1,300	9,000
22-S-H. S. Corporation (Well Drilling)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,300
Total Gas Del. to Pipe Line Cos. and to Field Consumers	5,186,661	8,420,539	6,246,111	7,915,169	8,739,778	9,918,163	10,154,441	11,422,669	12,584,547	15,575,932	17,421,840	22,497,653	21,325,013	22,201,784	20,901,972	24,634,319	222,141,591
Company Use																	
181-S-De Siard Station-Engine Fuel & Domestics	79,597	122,928	190,916	215,625	88,913	81,668	87,177	158,877	276,714	332,215	392,038	349,647	293,995	446,679	425,226	395,642	4,039,463
182-S-Gas from Well No. 1 to drill well No. 60	-	-	-	-	-	-	-	-	-	-	23,210	-	-	-	-	-	23,210
182-S " " " 8 " " " " 58	-	-	-	-	-	-	-	-	-	-	1,500	500	-	-	-	-	2,000
182-S " " " 14 " " " " 59	-	-	-	-	-	-	-	-	-	-	63,614	-	-	-	-	-	63,614
182-S " " " 14 " " " " 23	-	-	-	6,500	-	-	-	-	-	-	-	-	-	-	-	-	6,500
182-S-Gas From Well No.16 to drill well No. 24	-	-	-	3,200	-	-	-	-	-	-	-	-	-	-	-	-	3,200
182-S " " " 16 " " " " 25	-	-	-	3,100	-	-	-	-	-	-	-	-	-	-	-	-	3,100
182-S " " " 30 " " " " 36	-	-	-	-	-	-	-	-	-	2,100	-	-	-	-	-	-	2,100
182-S " " " 30 " " Spencer Well No.4	-	-	-	-	3,300	-	-	-	-	-	-	-	-	-	-	-	3,300
182-S " " " 32 " " well No. 43	-	-	-	-	-	-	-	-	-	-	850	-	-	-	-	-	850
182-S-Gas From Well No.34 to drill well No. 63	-	-	-	-	-	-	-	-	-	-	-	1,700	-	-	-	-	1,700
182.2-S-Spencer Domestic - Company Houses	-	-	-	-	4,981	3,227	2,309	1,196	1,814	1,490	2,942	2,559	2,844	4,063	2,016	4,045	33,476
182.3-S-Spencer Lease Obligation	-	-	-	-	1,851	-	1,884	3,210	3,244	3,196	4,025	5,453	4,984	5,744	3,277	6,198	44,842
- United Carbon to Drill Well No. 95	-	-	-	-	-	-	-	-	-	-	-	-	-	1,839	-	-	1,639
" " " " " " " 96	-	-	-	-	-	-	-	-	-	-	-	-	-	1,832	-	-	1,832
- Drilling & Repairing I.N.G. Co. Wells	-	-	1,800	13,000	9,100	5,200	8,800	-	-	12,067	19,100	26,800	13,908	5,200	9,899	13,600	135,771
- Testing & Repairing Field Lines	-	-	-	-	-	2,000	-	-	-	-	14,000	-	-	-	-	-	16,000
- Employees' Housed, Lease Obligations, etc.	-	-	-	-	-	-	-	-	7,500	-	-	-	-	-	-	-	7,500
Total Company Use	79,597	122,928	192,716	241,926	108,145	92,096	96,840	163,383	289,272	351,068	551,277	386,458	315,696	464,917	444,418	419,485	4,389,789
TOTAL GAS DELIVERED: MONROE GAS FIELD	5,266,258	8,543,467	6,438,827	8,157,094	8,847,923	10,008,258	10,251,281	11,586,052	12,873,819	15,927,000	17,973,117	23,245,469	22,772,384	23,766,472	22,[illegible]779	25,345,836	230,237,806

Docket G-149

GAS DELIVERED FROM MAIN TRANSMISSION LINE - MONROE GAS FIELD TO BATON ROUGE, LA.

In MCF - 1926 Through 1941

(Pressure Base: 14.4 Lbs. Atmos. plus 10 Oz.)

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	Total
Delivered to Direct Industrials and Town Borders																	
210-S Hemler Gas Co. - Drilling in Richland Field	-	-	159	-	-	-	-	-	-	-	-	-	-	-	-	-	159
212-S Operating Richland Receiving Station	-	-	-	-	-	1,886	2,382	1,735	1,422	1,256	1,323	2,101	3,922	673	-	-	16,700
213-S Louisiana Leasing Syndicate, Inc. - Drilling	-	-	-	3,400	-	-	-	-	-	-	-	-	-	-	-	-	3,400
214-S Shreveport Contractors, Inc. - Drilling	-	-	-	4,500	-	-	-	-	-	-	-	-	-	-	-	-	4,500
215-S La. Power & Light Co.-Gilbert, La., Town Border	-	1,286	4,849	6,581	7,186	7,581	7,312	6,863	7,432	7,867	9,512	8,759	6,612	7,599	8,848	7,811	85,528
216-S La. Power & Light Co.-Wisner, La., Town Border	-	4,500	5,506	7,926	8,624	9,063	9,362	8,732	10,418	10,782	12,592	11,708	9,311	9,252	10,932	8,689	116,497
217-S Peak Gas Co. - Town Border	-	2,863	15,962	3,260	2,898	2,576	2,355	2,118	2,669	2,755	4,089	4,114	1,784	2,492	1,611	1,021	52,967
218-S Sicily Island Gas Co., Inc.-Sicily Island Town Border	-	-	-	-	2,064	4,515	6,266	6,739	8,314	7,611	10,548	10,683	10,410	10,887	13,863	13,610	105,510
220-S J. M. Jones Lumber Co. - Ferriday, La.	-	-	-	14,752	299	-	1,080	1,143	889	427	3,662	4,508	2,074	1,978	1,632	2,513	34,717
221-S La. Power & Light Co.-Ferriday, La., Town Border	-	-	1,599	10,654	13,895	14,907	15,755	13,880	16,769	18,610	25,318	25,225	21,150	24,788	27,514	27,594	261,658
222-S Whitehall Plantation - Vidalia, La.	-	-	-	-	-	689	832	375	418	278	897	1,607	-	-	-	-	5,096
223-S Vidalia, La. - Town Border	-	-	3,698	10,068	28,407	10,364	10,396	9,015	9,456	9,719	11,734	12,433	12,520	16,602	18,126	13,961	176,499
224-S Miss. Power & Light Co.-Natchez, Miss. City Gate Sta.	-	14,796	89,678	131,924	146,091	141,130	145,871	126,220	139,552	156,259	175,675	177,342	176,370	264,881	372,362	459,106	2,717,257
225-S Danciger Oil & Ref., Inc. - Well Drilling	-	-	-	-	-	-	-	-	-	-	-	21,906	-	-	-	-	21,906
226-S E.R. Owen, Wilkison County, Miss. - Well Drilling	-	-	-	-	-	-	-	-	-	-	-	6,707	-	-	-	-	6,707
227-S Buffalo Gas Co. - Wilkinson, Miss., Town Border	-	-	-	-	-	-	52	203	474	527	999	1,374	1,292	1,459	1,503	1,298	9,181
228-S Woodville, Miss., Town Border	-	-	-	3,845	12,351	10,518	11,112	11,374	12,188	14,709	19,269	20,945	18,942	20,837	21,866	22,917	200,873
229-S Centerville, Miss., Town Border	-	-	-	-	-	-	-	-	-	-	-	-	-	385	4,637	4,875	10,097
230-S Jackson, La., Town Border	-	-	-	-	-	-	20	1,508	2,855	3,940	6,571	9,228	10,986	8,109	7,961	8,187	59,365
231-S East Louisiana State Hospital - Jackson, La.	-	102,825	253,036	230,220	222,376	229,534	277,013	271,989	307,333	264,636	295,362	292,222	291,610	265,132	278,328	277,045	3,099,361
232-S St. Francisville, La., Town Border	-	-	-	-	-	-	-	-	-	-	-	-	-	3,629	8,301	9,831	21,761
233-S The Walworth Co. - Valve Leak near Lindsay, La.	-	-	-	2,073	-	-	-	-	-	-	-	-	-	-	-	-	2,073
234-S Zachary, La., Town Border	-	-	-	-	-	-	-	-	-	-	456	2,675	3,744	5,540	7,616	8,270	28,301
236-S Gulf States Util. Co. - Baton Rouge, La. - City Gate Sta.	-	381,065	779,122	909,680	772,392	552,008	580,323	499,173	571,337	608,860	708,926	772,936	921,480	833,092	563,381	597,665	10,991,440
237-S Gulf States Util. Co. - For Southern Univ., Baton Rouge, La.	-	4,139	13,326	16,258	16,640	20,643	24,698	17,864	21,717	21,746	24,949	27,342	29,868	32,176	44,373	46,075	383,780
238-S Gulf States Util. Co. - For La. Chemical Co., Baton Rouge, La.	-	-	-	-	-	-	-	-	-	-	27	275	329	417	509	398	1,955
270-S Gulf States Utilities Co. - Harding Field	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,823	28,823	
239-S The Solvay Process Co. - Baton Rouge, La.	-	-	-	-	-	-	-	-	259	314,022	872,886	944,296	920,487	1,030,700	1,023,406	2,520,959	7,627,015
240-S Std. Oil Co. of La. - Baton Rouge, La.	-	16,239,120	17,522,662	16,273,106	12,125,048	5,325,854	4,893,713	4,610,247	3,827,311	4,272,558	5,358,699	6,124,212	5,679,529	5,570,137	5,185,922	6,156,141	119,374,259
240-S " " " " " " " " Del. received for acct. of Ethyl Gasoline Corp.	-	-	-	-	-	-	-	-	-	-	-	-	26,327	347,741	484,749	559,997	1,418,887
241-S Ethyl Gasoline Corp. - Baton Rouge, La.	-	-	-	-	-	-	-	-	-	-	87	12,262	59,798	97,008	146,989	168,210	486,354
242-S Gulf States Util. Co. - La. Steam Generating Corp.	-	-	-	-	3,863,870	8,290,904	4,589,321	4,601,154	6,467,581	7,115,372	7,740,345	8,298,194	9,238,993	1,031,301	1,189,654	2,523,985	64,950,174
242-S " " " " " " Del. received for acct. of Std. Oil Co.'s portion Baton Rouge, La.	-	-	-	-	-	-	-	-	-	-	-	-	937,879	10,124,654	10,790,594	11,855,818	33,708,945
242-S Gulf States Util. Co. - Del. received for acct. of The Solvay Pro. portion Baton Rouge, La.	-	-	-	-	-	-	-	-	-	793,020	1,615,455	1,839,521	1,922,545	2,069,149	2,040,825	1,041,782	11,322,297
242-S Gulf States Util. Co. - Del. received for acct. of Ethyl Gasol. Corp. portion Baton Rouge, La.	-	-	-	-	-	-	-	-	-	-	-	103,234	623,593	1,153,188	1,850,357	1,967,310	5,697,682
243-S Ford Bacon & Davis, Inc. - Construction of Scotland Meter Run	-	20,327	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,327
251-S Colonial Sugars Company - Gramercy, La.	-	317,298	-	-	-	-	-	-	-	-	-	-	-	-	-	-	317,298
253-S Godchaux Sugars - Reserve, La.	-	441,925	-	-	-	-	-	-	-	-	-	-	-	-	-	-	441,925
262-S Mexican Petroleum Corp. - Near Destrehan, La.	-	91,507	-	-	-	-	-	-	-	-	-	-	-	-	-	-	91,507
Total Delivered to Direct Industrials and Town Borders	-	17,618,651	18,689,597	17,628,247	17,222,101	14,622,172	10,487,823	10,190,332	11,408,334	13,624,954	16,899,381	18,735,809	20,931,825	22,934,060	24,111,165	28,634,819	263,739,279
Gas Delivered to the United Gas Pipe Line Company																	
208-S Delivered at Alto, La.	-	-	-	-	-	-	-	-	-	-	-	-	-	70,210	195,109	165,113	430,432
235-S Sale to Southern G. & F. Co., Baton Rouge, La.	-	-	19,252	-	-	-	-	-	-	-	-	-	-	-	-	-	19,252
235-S Delivered at Scotland Meter Station, Baton Rouge, La.	-	-	4,908,190	15,832,468	16,566,114	15,757,831	14,795,307	14,281,569	17,449,017	21,250,746	24,576,885	26,627,062	25,713,420	26,911,031	19,223,532	15,981,988	259,978,160
Total Gas Delivered to the United Gas Pipe Line Company	-	-	4,927,442	15,832,468	16,566,114	15,757,831	14,795,307	14,281,569	17,449,017	21,250,746	24,576,885	26,627,062	25,713,420	26,981,241	19,418,641	16,147,101	260,427,844
Company Use																	
182.1-S Richland Domestic - 1 House, Alto, La.	-	-	-	-	-	-	-	-	-	-	-	-	-	280	834	731	1,845
182.4-S T.E. Stanfill - Baton Rouge, La. City Gate Sta.	-	-	-	-	-	25	322	289	341	355	329	338	327	408	466	358	3,758
182.5-S J.B. Dixon - Domestic on Whitehall Plantation	-	-	-	-	-	-	-	-	-	-	223	414	603	907	607	121	2,875
182.6-S L.L. Ricks - Woodville, Miss. Town Border Sta.	-	-	-	-	-	147	271	289	305	328	340	354	293	292	277	297	3,196
219-S Brock Station - Engine Fuel and Domestic	-	24,450	69,047	312,433	157,398	85,390	65,727	14,635	47,562	245,743	402,738	425,192	418,222	454,725	279,724	232,788	3,435,774
- Employees' Houses - Terminated Misc. Deliveries	-	-	-	-	-	821	1,033	845	790	959	626	703	678	795	-	-	7,250
- Heating & Repairing Main Line also D.C. Generator Fuel	-	-	-	-	-	4,313	660	10,100	3,000	5,500	-	-	-	-	-	-	23,573
- Line Breaks & Misc.	-	-	-	-	-	-	-	14,000	-	54,000	2,400	-	-	-	-	-	70,400
Total Company Use	-	24,450	69,047	312,433	157,398	90,696	68,013	40,158	51,998	306,885	406,656	427,001	420,123	457,410	281,908	234,495	3,548,672
TOTAL DELIVERED FROM MAIN TRANSMISSION LINES	-	17,643,101	23,686,086	33,773,148	33,945,613	30,470,699	25,351,143	24,512,059	28,909,409	35,182,585	41,882,922	45,789,872	47,065,368	50,375,660	43,811,714	45,016,415	527,415,795

Docket G 149. Schedule XI.

Gas Delivered From Gas Received From Fields South of Baton Rouge, La.

In MCF—1926 Through 1941.

(Pressure Base: 14.4 Lbs. Atmos. plus 10 Oz.)

	1926 Through 1938	1939	1940	1941	Total
From Gas Received From University Field—					
Delivered to Town Border					
244-S Gulf States Utilities Company, Baton Rouge, La.	.....	72,212	572,642	564,573	1,209,427
Delivered to United Gas Pipe Line Company					
247-S Kleinpeter Meter Station	.....	.....	2,381,772	4,491,484	6,873,256
Total Delivered From Gas Received From University Field	.....	72,212	2,954,414	5,056,057	8,082,683
From Gas Received From La Pice Field—					
Delivered to United Gas Pipe Line Company					
250-S Union Meter Station	.....	.....	2,090,599	2,174,876	4,265,475
Total Delivered From Gas Received From La Pice Field	.....	.....	2,090,599	2,174,876	4,265,475
From Gas Received From La Place Field—					
Delivered to United Gas Pipe Line Company					
255-S La Place Meter Station	.....	.....	1,049,302	1,369,637	2,418,939
Company Use (Purging pipe line)	.....	.....	56	.....	56
Total Delivered From Gas Received From La Place Field	.....	.....	1,049,359	1,369,637	2,418,995
**From Lirette Pipe Line System From Gas Received From Lake Long, Valentine, Du Large, and Lirette Fields—*					
Delivered to Direct Industrials					
267-S Godchaux Sugars, Inc.—Raceland, La.	.....	.....	163,152	264,058	427,210
268-S Valentine Sugars, Inc.—Valentine, La.	.....	.....	84,362	144,826	229,188
Total Direct Industrials	.....	.....	247,514	408,884	656,398
271-S Norco Gas and Fuel Company, Inc.—St. Rose, La.	.....	.....	.....	410	410

Delivered to United Gas Pipe Line Company					
269-S a/c New Orleans Public Service, Inc., and Louisiana Power and Light Company—St. Rose Meter Station	.....	.....	3,018,618	10,020,236	13,038,854
Total Delivered From Lirette Pipe Line System	.....	.....	3,266,132	10,429,530	13,695,662
**From La Fitte Pipe Line System From Gas Received From La Fitte Field—*					
Delivered to Direct Industrials and Town Borders					
263-S Louisiana Power and Light Company—Marrero, La.	.....	59,600	1,503,238	1,862,822	3,425,660
264-S Buchanan Drilling Company	.....	.....	53,372	.....	53,372
265-S Danciger Oil and Refineries, Inc.	.....	.....	58,420	.....	58,420
266-S Rhodes Drilling Company	.....	.....	25,468	.....	25,468
266.1-S The California Company	.....	.....	4,742	44,440	49,182
266.2-S The Texas Pipe Line Company—Revtox Station	.....	.....	15	308	323
Total Deliveries to Direct Industrials and Town Borders	.....	59,600	1,645,255	1,907,570	3,612,425
Total Deliveries From La Fitte Pipe Line System	.....	59,600	1,645,255	1,907,570	3,612,425

Docket G-149.

Gas Delivered From Gas Received From United States Gas Pipe Line Co. System Between Baton Rouge and Destrahan, La.

In MFC—1926 Through 1941.

(Pressure Base: 14.4 Lbs. Atmos. plus 10 Oz.)

Delivered to Direct Industrials and Town Borders:	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
245-S Suburban Utilities Inc.—Baton Rouge Airport & Addition	.....	.....	.....	.....	.....	62	2,977	3,772	5,664	12,174	12,765	13,904
246-S Gulf States Utilities Co.—Inniswold Plantation	.....	.....	.....	.....	.....	19	475	529	419	514	726	726
248-S Village of Gonzales, La.—Town Border Delivery	.....	.....	.....	.....	.....	876	2,453	2,440	3,678	5,000	6,511	6,686
249-S De Hass-Eby Lbr. Co.—Town Border Del. for Camp	.....	.....	39,000	33,585	4,001	307	347	227	322	431	556	616
251-S Colonial Sugars Co.—Industrial	.....	.....	660,997	1,086,725	729,441	689,179	831,711	494,680	749,668	1,062,024	1,007,415	1,016,420
252-S Norco Gas & Fuel Co., Inc.,—Town Border Grammercy & Letcher, La.	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
253-S Godchaux Sugars, Inc.—Industrial	.....	.....	1,793,412	1,961,391	1,945,102	1,888,839	1,599,862	1,719,245	1,722,976	1,877,042	2,121,064	2,445,038
254-S Reserve Public Utilities Co.—T. B. for Reserve, La.	.....	.....	.....	.....	436	3,200	5,524	5,478	7,323	8,671	10,664	11,281
256-S The La Place Gas & Fuel Co., Inc.—T. B. for La Place, La.	.....	.....	1,389	5,467	6,857	6,164	2,740	2,721	2,846	3,087	4,107	4,992
257-S Norco Gas & Fuel Co., Inc.—T. B. for Norco, La.	.....	.....	.....	.....	.....	.....	2,033	4,111	6,085	9,296	9,787	10,768
258-S Shell Oil Co., Inc.—Iudustrial, Norco, La.	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
259-S Gen. Amer. Transportation Co.—Industrial	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
260-S Norco Gas & Fuel Co., Inc.—New Sarpy, La. T. B.	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	88
261-S Norco Gas & Fuel Co., Inc.—T. B. for Destrahan, La.	.....	.....	.....	.....	.....	.....	.....	.....	.....	168	881	1,201
262-S Mexican Petroleum Corp.	.....	.....	229,204	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total Delivered to Direct Industrials and Town Borders	.....	.....	2,724,002	3,087,168	2,685,837	2,588,646	2,448,122	2,233,203	2,498,981	2,978,407	3,174,476	3,511,720
Total Gas Delivered to I. N. G. Co., Inc., Customers From Gas Received From United Gas Pipe Line Co. System Between Baton Rouge and Destrehan, La.	.....	.....	2,724,002	3,087,168	2,685,837	2,588,646	2,448,122	2,233,203	2,498,981	2,978,407	3,174,476	3,511,720

Schedule XII

1938	1939	1940	1941	Total
15,791	21,836	30,165	33,906	153,016
733	765	1,009	889	6,804
7,354	9,085	11,238	12,583	67,904
639	1,015	976	1,025	83,047
1,065,569	715,422	865,509	1,141,876	12,116,636
.....	.....	860	7,802	8,662
2,021,195	1,926,209	2,047,341	2,400,345	27,469,061
12,480	12,750	16,016	16,990	110,813
5,269	6,136	7,635	6,840	66,250
12,008	14,316	21,239	20,819	110,462
.....	557,476	1,965,923	1,069,248	3,592,647
.....	.....	12,605	125,333	137,938
415	588	910	958	2,959
1,498	1,731	2,141	2,240	9,860
.....	.....	.....	.....	229,204
3,142,951	3,267,329	4,983,567	4,840,854	44,165,263
3,142,951	3,267,329	4,983,567	4,840,854	44,165,263

Docket G-149.
Demand Analysis.

The following Schedules XIII to XVII, inclusive, show the company's deliveries on the maximum coincidental 24-hour demand day for the years of 1935 through 1941. This demand analysis conforms with the gas balance by metering points, subtotals, and totals.

In assembling various data relative to making a demand analysis, it was found that the Gas Accounting Department of the company keeps a weekly report record which shows the day of high delivery, the day of low delivery, and the average delivery of gas by the company for that week with the corresponding volumes of gas delivered on those three bases. An examination was made of this company record in ascertaining the maximum coincidental 24-hour demand day for each year between the years of 1935 and April, 1942. After selecting these maximum coincidental demand days, the meter statements for each meter for each point of metering were analyzed in the offices of the company, and the quantity of gas which was delivered on the maximum coincidental demand days was tabulated after conversion to a uniform basis of measurement (14.4 pounds atmosphere plus 10 ounces) and the resultant maximum coincidental demand day volumes were developed as shown in this demand analysis. Inquiry was made as to the metering day which was reflected by these volumes which depended upon the hour that the meter charts or meter readings were made. Information given by the Gas Accounting Department, indicated that the average day of metering was from 8:00 a. m. to 8:00 a. m., which in effect causes the gas delivered between 12:00 a. m. and 8:00 a. m. to be reflected in the volume of gas shown in the previous day's metering. In several instances, the gas was metered through a positive gas meter which register is on a 7-day basis and required estimating the demand applicable to that particular metering point.

Docket G-149.

Interstate Natural Gas Co., Inc.

Summary—Gas Delivered on Coincidental Maximum Demand Days.

1935 Through April 1942—In MCF.

(Pressure Base: 14.4 Lbs. Atmos. plus 10 Oz.)

	Dec. 2, 1935	Dec. 11, 1936	Dec. 9, 1937	Dec. 14, 1938	Feb. 22, 1939	Nov. 15, 1940	Jan. 8, 1942
Gas Delivered From Gas Received From Monroe and Richland Fields—							
In Monroe Gas Field	61,971	78,855	83,373	90,156	94,082	34,293	81,295
From Main Transmission Line, Monroe to Baton Rouge, Louisiana	143,779	153,608	168,292	182,202	162,714	161,475	177,386
Total Delivered From Gas Received From Monroe and Richland Fields	205,750	232,463	251,665	272,358	256,796	245,768	258,681
Gas Delivered From Gas Received Fom Other Fields—							
From University Field	....	....	....	....	....	9,918	12,414
From La Pice Field	....	....	....	....	....	6,314	8,457
From La Place Field	....	....	....	....	....	5,906	2,336
*From Lirette and Lake Long Fields	....	....	....	....	....	30,463	49,007
*From La Fitte Field	....	....	....	....	....	4,739	7,836
Total Gas Delivered From Gas Received From Other Fields	....	....	....	....	....	57,340	80,050
Gas Delivered From Gas Received From United Gas Pipe Line Company System Between Baton Rouge and Destrehan, Louisiana	8,441	13,679	14,348	9,481	2,158	18,748	9,377
Total Gas Delivered on Coincidental Maximum Demand Days	214,191	246,142	266,013	281,839	258,954	321,856	348,108

Note: *Volume of gas shown represent total operations.
I. N. G. Co., Inc., owns 50%, U. G. P. L. Co. owns 50%.

Docket G-149. Gas Delivered in Monroe Gas Field.

On Coincidental Maximum Demand Days 1935 through April 1942—In MCF

(Pressure Base: 14.4 Lbs. Atmos. plus 10 Oz.)

	Dec. 2, 1935	Dec. 11, 1936	Dec. 9, 1937	Dec. 14, 1938	Feb. 22, 1939	Nov. 15, 1940	Jan. 8, 1942
Delivered for Exchange from I. N. G. Co. Wells—							
133-P Southern Carbon Company (from Well No. 15)	....	....	....	333	320	284	214
134-P Southern Carbon Company (from Well No. 21)	....	....	....	372	356	332	278
135-P Southern Carbon Company (from Well No. 56)	....	....	....	173	138	297	228
140-P United Carbon Company (from Well No. 34)	....	....	695	735	711	....	....
141-P United Carbon Company (from Well No. 63)	....	....	468	535	519	....	....
142-P United Carbon Company (from Well No. 79)	....	....	329	302	280	....	....
143-P United Carbon Company (from Well No. 81)	....	....	....	619	645	....	....
144-P United Carbon Company (from Well No. 83)	....	....	....	296	287	....	....
Total Delivered for Exchange from I. N. G. Co. Wells	....	....	1,492	3,365	3,256	913	720
Delivered to Pipe Line Companies and Field Consumers—							
176-S Southern Natural Gas Company	19,135	28,648	28,545	35,066	36,820	37,119	30,969
177-S Mississippi River Fuel Company	8,688	22,240	23,711	25,729	26,466	23,427	27,797
178-S United Gas Pipe Line Company (Memphis N. G. Co.—Guthrie)	12,724	17,905	19,331	16,717	19,135	19,794	19,304
179-S United Gas Pipe Line Company (Memphis N. G. Co.—Well No. 95)	....	....	....	....	....	754	505
180-S United Gas Pipe Line Company (Memphis N. G. Co.—Well No. 96)	....	....	....	....	....	635	445
188-S Arkansas-Louisiana Gas Company—Munce Station	2,121	2,782	2,941	1,416	1,359	....	....
189-S United Gas Pipe Line Co. (Dixie Gulf Gas Co.—Munce Station)	5,436	5,670	5,959	6,281	5,535	....	....
190-S Louisiana Power & Light Company—Sterlington Power Plant	12,102	....	....	....	....	....	....
198-S Horseshoe Camp—Summer Camp	1	....	....	....	....	....	....
272-S N. W. Corporation—Well Drilling	....	....	....	....	....	....	....
Total Delivered to Pipe Line Companies and Field Consumers	60,207	77,245	80,487	85,209	89,315	81,729	79,020
Company Use—							
181-S De Siard Compressor Station	1,646	1,477	1,367	1,555	1,433	1,626	1,501
182-S Drilling Well No. 58	....	47	....	....	....	....	....
182-S Terminated Miscellaneous Deliveries	95	66	....	....	50	....	....
182.2-S Spencer Domestic	10	7	10	11	12	6	28
182.3-S Spencer Estate Lease Obligation	13	13	17	16	16	19	26
Total Company Use	1,764	1,610	1,394	1,582	1,511	1,651	1,555
Total Delivered in Monroe Gas Field	61,971	78,855	83,373	90,156	94,082	84,293	81,295

Docket G-149. Schedule XV.

Gas Delivered From Main Transmission Line—Monroe Gas Field to Baton Rouge, La.

On Coincidental Maximum Demand D ays 1935 Through April 1942—In MCF.

(Pressure Base: 14.4 Lbs. Atmos. plus 10 Oz.)

		Dec. 2, 1935	Dec. 11, 1936	Dec. 9, 1937	Dec. 14, 1938	Feb. 22, 1939	Nov. 15, 1940	Jan. 8, 1942
Delivered to Direct Industrials and Town Borders—								
212-S	Operating Richland Receiving Station	6	3	10	5	3	....	....
215-S	Louisiana Power and Light Company, Gilbert, La.	34	38	55	38	37	31	66
216-S	Louisiana Power and Light Company, Wisner, La.	50	57	78	50	54	45	89
217-S	Peek Gas Company, Peck, La.	5	3	3	2	1	2	5
218-S	Sicily Island Gas Company, Sicily Island, La.	40	52	73	56	49	37	93
220-S	Concordia Parish Gin, (J. M. Jones Lumber Co.) Ferriday, La.	....	2	28	....	....	11	....
221-S	Louisiana Power and Light Company—Ferriday, La.	115	123	185	148	137	95	247
222-S	Whitehall Plantation	....	....	21	....	....	....	....
223-S	Town of Vidalia, La.	27	66	93	61	61	53	135
224-S	Mississippi Power and Light Company—Natchez, Miss.	1,003	1,044	1,472	1,221	1,351	2,049	2,771
225-S	Danciger Oil Refineries	....	....	333	....	....	....	....
226-S	F. R. Owen	....	....	....	....	....	....	....
227-S	Buffalo Gas Company, Wilkinson, Miss.	5	8	9	8	10	7	13
228-S	Town of Woodville, Miss.	73	119	121	93	115	112	187
229-S	Town of Centerville, Miss.	....	....	....	....	....	23	62
230-S	Town of Jackson, La.	28	42	70	39	37	34	73
231-S	East Louisiana State Hospital, Jackson, La.	1,263	1,391	1,485	1,606	1,437	1,254	1,398
232-S	Town of St. Francisville, La.	....	....	....	....	....	96	105
234-S	Town of Zachary, La.	....	19	17	22	22	37	81
236-S	Gulf States Utilities Company—Baton Rouge City Gate	4,232	4,841	6,921	6,498	6,811	7,414	9,911
237-S	Gulf States Utilities Company—Southern University	162	150	168	165	157	238	399
238-S	Gulf States Utilities Company—Louisiana Chemical Co.	....	1	2	2	1	2	6
239-S	The Solvay Process Company	1,262	2,842	2,471	1,617	2,845	2,836	10,758
240-S	Standard Oil Company of Louisiana	20,773	22,765	22,397	31,198	15,265	21,002	27,162
241-S	Ethyl Gasoline Corporation	....	3	132	237	227	411	408
242-S	Gulf States Utilities Company—Louisiana Steam Generating	27,953	30,683	29,572	43,160	42,865	51,766	54,769
270-S	Gulf States Utilities Company—Harding Field	....	....	....	....	....	....	728

Total Gas Delivered to Direct Industrials and Town Borders	57,122	64,250	65,716	86,226	71,485	87,575	109,466
Delivered to the United Gas Pipe Line Company—							
208-S At Alto, Louisiana	....	....	....	....	....	908	1,349
235-S At Scotland Station, Baton Rouge, La.	84,184	86,914	100,797	93,793	89,444	71,373	64,376
Total Gas Delivered to United Gas Pipe Line Company	84,184	86,914	100,797	93,793	89,444	72,281	65,725
Company Use—							
182-S Terminated Miscellaneous Deliveries	11	5	12	8	5	....	....
182.1-S Richland Domestic	....	....	....	....	....	2	2
182.4-S T. E. Stanfill	3	2	2	2	2	2	2
182.5-S J. B. Dixon	....	2	3	4	3	2	2
182.6-S L. L. Ricks	1	1	1	1	1	1	1
219-S Brock Station	2,458	2,434	1,761	2,168	1,774	1,612	2,188
Total Company Use	2,473	2,444	1,779	2,182	1,785	1,619	2,195
Total Gas Delivered From Main Transmission Line	143,779	153,608	168,292	182,202	162,714	161,475	177,386

EX. 50.

Docket G-149.

Estimate of Natural Gas Reserves.

General History and Geology of Monroe Gas Field.

The Monroe Gas Field is located in the northeastern part of the State of Louisiana and lies wholly within the limits of Townships 18 to 22 North, and Ranges 2 to 6 East in Union, Ouachita, and Morehouse Parishes, Louisiana. It is oval in shape and extends 30 miles north and south and approximately 20 miles east and west, enlosing an area of approximately 234,500 acres. Production from this field originates in what is commonly known as the "Monroe Gas Rock" from a depth ranging from 2,050 to 2,300 feet below the surface and the "second sand" which occurs from 150 to 200 feet below the top of the gas rock.

The Monroe gas rock consists chiefly of porous limestone, chalk, and chalky sands which lie unconformably on the truncated edges of strata of lower Cretaceous age on the central and eastern parts of the field, but seem to merge with the Navarro formation on the north and west side of the field. The second sand which is actually a series of sand lenses in the lower Cretaceous is not continuous and is considered to extend only to those few wells which have found production in it. The second sand is of relative unimportance as a producing strata compared to the Monroe gas rock, and explorations in this sand have practically ceased in the field.

The structure of the Monroe Gas Field is not easily defined, but is most logically classified as a structural

terrace whose eastern and southern limits are defined by closures, whereas the northern and western limits of the field are defined by lack of saturation due to porosity conditions in the chalk.

The Monroe Gas Field was discovered by a well drilled in 1916 located in Section 37, Township 20 North, Range 5 East, which was known as the Progressive Oil and Gas Company's Fisher No. 1. This discovery well was deepened in 1917 in search of oil and was abandoned at a depth of 2,902 feet. During 1917 nine gas wells were completed in the Monroe Gas Field, and development of this field has progressed through 1941 with the completion of 1,232 producing wells. The following tabulation shows statistical data on the development of the total field:

Docket G-149.

Monroe Gas Field.

(Statistical Data—Louisiana Department of Minerals.)

Year	Total Producing Wells	Number of Wells Comp. Each Year	Total Production (MCF)	Total Wells	Total Open-Flow Capacity (MCF)
1916		1	.....		
1917	3	9	615,852		
1918	17	15	6,666,730		
1919	22	20	13,608,126		
1920	32	15	19,035,499		
1921	52	24	32,881,436		
1922	88	40	43,804,006		
1923	181	120	86,723,809	Not Available	Not Available
1924	323	114	139,174,588		
1925	347	33	125,521,799		
1926	374	69	122,477,694		
1927	433	58	134,642,917		
1928	511	77	158,477,268		
1929	633	160	168,448,563		

Year	Total Producing Wells	Number of Wells Comp. Each Year	Total Production (MCF)	Total Wells	Total Open-Flow Capacity (MCF)
1930	734	92	141,189,793	828	4,684,190
1931	733	14	102,962,150	833	4,525,728
1932	725	16	95,853,790	850	4,426,269
1933	795	..	114,169,110	863	4,823,220[1]
1934	835	33	163,777,473	899	4,979,028[2]
1935	914	63	182,381,748	955	4,568,847
1936	[illegible]0	100	205,563,297	1,054	4,167,615
1937	1,082	89	197,862,886	1,136	4,648,342
1938	1,133	53	171,494,086	1,182	4,310,241
1939	1,124	49	188,625,081	1,226	4,119,608
1940	1,189	55	192,915,741	1,254	6,107,876[3]
1941	1,232	48	216,286,921	1,296	6,592,704[4]
Total	....	1,367	3,025,160,362	....	.....

[1] 117 Wells acidized.
[2] 53 Wells acidized.
[3] 452 Wells acidized.
[4] 117 Wells acidized.

In the initial stages of the developments of the Monroe Gas Field, the development occurred in the area of the field near the discovery well. The carbon black industry constructed plants for the purpose of manufacturing carbon black in the southeastern portion of the field. As wells were drilled markets were obtained for the gas outline of the field. Development increased after 1923 and 1924, and production was heavy from the eastern and southeastern portion of the field. Gradual development progressed to the north and west as years went by, each extension well proving the Monroe Field's greater areal extent. As of 1941 the concentration of development in the southeastern portion of the field and the lighter development on the western and northern sides of the field has caused a marked difference in the remaining gas reserves because of the high differential in rock pressure from one side of the field to the other. At the present time rock pressures on the southeast portion of the field are as low as 60 to 70 pounds, whereas on the western and northern flanks of the field wells are being drilled with initial pressures of 1,000 pounds and over.

The Louisiana Department of Minerals has imposed a well-spacing program and maximum production allowable for wells located in the Monroe Gas Field. The production allowable which went into effect on wells spudded in after June 24, 1924, according to Act 252 of the Louisiana Legislature of 1942, is allotted on a basis of open flow capacity of the well and the acreage allotted by the operator to the well. For the purpose of allocation of production, the same Act provides for the determination of the open flow capacity of each well every 12 months for the purpose of reallocating the production allowable.

The following tabulation shows the allowable open flow as stipulated by the Act of the Louisiana Legislature:

Acreage Allotted	Percent Open Flow Capacity
160	24
80	21
40	18
20	15
10	12
5	9
Below 5	7

The above percent open-flow capacity applies to the daily open flow capacity of each well as tested by the Department of Minerals. In cases where the percentages listed would reduce the daily withdrawal below 1,000,000 cubic feet per day, as much as 1,000,000 cubic feet per day may be produced by the operator regardless of the tabulated limitations.

Wells which started drilling prior to June 24, 1924 are allowed 20 percent of their open flow capacity regardless of acreage, and offset wells drilled subsequently are allowed the same rate of production.

At the present time there are approximately 43 operators in the Monroe Gas Field, varying in ownership of acreage and wells from one well to approximately 341 wells.

The following is a tabulation showing the principal operators of gas wells in the Monroe Gas Field, the number of wells which they own, and gas produced by them during 1941:

Name of Company	Producing Wells	*Production 1941 (MCF)
Union Producing Co.	341	80,953,059
Southern Carbon Co.	215	36,707,854
United Carbon Co.	191	15,322,098
Interstate Natural Gas Co., Inc.	110	28,819,814
Carbons Consolidated Co.	63	6,389,662
La Del Oil Properties	49	2,630,238
J. E. Farrell Co. of La.	41	7,049,706
Nemours Corp.	32	4,108,026
Memphis Natural Gas Co.	28	3,303,719
Arkansas Louisiana Gas Co.	25	2,274,900
33 other companies (Less than 25 wells each)	137	28,727,845
Total	1232	216,286,921

*(Pressure Base: 14.4 Lbs. Atmos. plus 10 Oz.)

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Mineral Interests of the Interstate Natural Gas Co., Inc.

The Interstate Natural Gas Company owns 53,572.67 net acres of mineral interests in and contiguous to the Monroe Gas Field as of December 31, 1941. Of this total acreage, 3,269.20 net acres is owned in fee: 3,829.29 net acres is held through lease agreements: 46,474.18 net acres is controlled through the ownership of natural gas rights.

All of this acreage is located in and contiguous to the west half of the Monroe Gas Field. The acreage which the company has purchased and which lies west of the probable limit of the field was nearly all acquired through the same instruments of conveyance with acreage which is within the proved limits of the field. 45,348.94 net acres of the company's mineral interests has been perpetuated through the company's drilling operations on these 53,572.67 net acres. 4,387.54 net acres of

the total mineral interests owned by the company lie outside of the productive limit of the field. But of this 4,387.54 acres, all except 1,085.49 net acres has been perpetuated by drilling operations within the field.

Summary of Mineral Interests Owned by Interstate Natural Gas Co., Inc., as of 12-31-41.

Monroe Gas Field—

Operated Mineral Interests—

Location	330.1—Natural Gas Producing Lands (Net Acres)	330.2—Natural Gas Producing Leaseholds (Net Acres)	330.3 Natural Gas Rights (Net Acres)	Total Net Acres
Zone—2	.....	17.27	.....	17.27
Zone—3	.....	42.73	.....	42.73
Zone—5	.....	208.62	** 2,138.55	2,347.17
Zone—6	.....	100.00	6,791.13	6,891.13
Zone—7	40.00	957.38	7,429.40	8,426.78
Zone—8	* 453.75	600.00	14,200.91	15,254.66
Zone—9	2,457.45	936.67	5,673.03	9,067.15
Outside	318.00	156.62	2,827.43	3,302.05
Total	3,269.20	3,019.29	39,060.45	45,348.94

Unoperated Mineral Interests—

Zone—5	.....	.....	76.76	76.76
Zone—6	.....	.....	644.80	644.80
Zone—7	.....	105.00	3,444.85	3,549.85
Zone—8	.....	.....	1,384.34	1,384.34
Zone—9	.....	80.00	1,402.49	1,482.49
Outside	.....	625.00	460.49	1,085.49
Total	3,269.20	3,829.29	46,474.18	53,572.67
Total	.....	810.00	7,413.73	8,223.73

* Does not include 379.24 acres considered to be gross acres in parcel Nos. 450 & 451.

** Does not include 40.00 acres of parcel 475 leased to Southern Carbon Co.

Concordia Parish, La. *** 1,282.00 *** 1,282.00 2,564.00

*** Whitehall Plantation.

Docket G-149.

Statement of Gas Wells Owned by the Interstate Company.

During 1926 the Interstate company purchased the major portion of its mineral interests from the Union Power Company, and with this purchase acquired 12 wells, 11 of which have been productive and one well which has not produced since the date of its purchase due to casing trouble. Since that date, the company has drilled or purchased a total of 103 wells of which 4 were lost through litigation in 1932, the remaining 110 wells have been drilled or purchased as required by the company to meet demand requirements and as necessary by the company to perpetuate mineral interests whose contracts were near expiration. The locations of these wells are more or less evenly distributed throughout the mineral interests owned by the company.

Total Gas Wells Owned and Operated by Interstate Natural Gas Co., Inc.

Year	Total Gas Wells Drilled By I. N. G. Co.	Total Gas Wells Purchased By I. N. G. Co.	Gas Wells Abandoned or Lost By I. N. G. Co.	Total Gas Wells (Net)	Cumulative Total Gas Wells
1926	..	..	1	11	11
1927	1	..	..	1	12
1928	..	..	..	..	12
1929	14	1	..	15	27
1930	4	..	..	4	31
1931	1	..	..	1	32
1932	2	..	4*	(2)	30
1933	..	..	..	..	..
1934	..	..	..	..	30
1935	7	..	..	7	37
1936	15	2	..	17	54

Location	330.1—Natural Gas Producing Lands (Net Acres)	330.2—Natural Gas Producing Leaseholds (Net Acres)	330.3 Natural Gas Rights (Net Acres)	Total Net Acres
1937	19	..	19	73
1938	11	..	11	84
1939	7	..	7	91
1940	9	..	9	100
1941	8	2	10	110
Total	98	17	110	...

* Lost through Litigation May 1932.

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Gas Reserves of the Interstate Natural Gas Co., Inc.

Source of Data.

The State of Louisiana Department of Minerals requires all oil and gas companies operating in the State of Louisiana to file reports on all drilling wells and producing wells in the State of Louisiana. The Department of Minerals, Monroe District Office, located at Monroe, Louisiana, has kept records pertaining to drilling operations, well logs, rock pressures, open flow statistics, and well production for each gas well or oil well located in northeast Louisiana. In addition to keeping this information on file, this department makes rock pressure tests and open flow tests in the Monroe Gas Field and publishes this information periodically in a "Regauge" report. This report also shows the individual well daily production quota, based upon the open flow capacity of the well and the acres which have been allocated to that well by the operator.

In preparation of the estimate of gas reserves of the Interstate Company, all of this information from the "Re-

gauge" reports was utilized and in addition, I compiled a complete historical record of each well from the "well-information books" in which the Conservation Department keeps a running record of additional information not shown in the "Regauge" report. I also obtained from the State Conservation Department a record of the production for each individual well in the Monroe Gas Field by months, by years, since the date of completion of each well in the field, through 1941.

I also examined the operating records of the Interstate Natural Gas Co., Inc. and other companies operating in the Monroe Gas Field for the purpose of obtaining additional information on each of these company's wells and to obtain maps showing the plotted location of each well in the field.

Reference has also been made to the records and maps contained in geological reports made by consulting geologists on the Monroe Gas Field in recent years.

Since 1922 the State Department of Minerals has made a total of 36 "Regauge" reports. As many as three of these reports occurred in one year, but on an average, there have been two each year, the last of which was issued on December 1, 1941.

Docket G-149.

Procedure of Estimating Gas Reserves.

I determined the probable productive areal limits of the Monroe Gas Field by examining the production characteristics of the edge wells in the Monroe Gas Field, and also all of the dry-hole wells that have been drilled in the proximity of these edge wells. The result of this

study is shown on the Monroe Field Map in this exhibit.

After ascertaining the proved area of the Monroe Gas Field, I then divided this field into 12 zone areas. This was necessary because of the varied production characteristics of the field. The zone areas adopted were patterned after those established by the Department of Minerals prior to 1930, and are those currently used by the Interstate company. These zone areas divide the field roughly between the high pressure and low pressure areas and the high potential and low potential production areas of the Monroe Gas Field. The locations of these zone areas are shown on the Monroe Field Map in this exhibit.

Upon base maps of the Monroe Gas Field of an approximate scale of 3/4-inch equals 1 mile, which showed location of all of the gas wells in the Monroe Gas Field, I superimposed my determination of probable limits of the Monroe Gas Field and the zone area boundaries. One of these maps was prepared for each of the Department of minerals "Regauge" reports. From data in the "Regauge" reports there was plotted the rock pressure of each well in the field on one map for each "Regauge" date.

Lines of equal pressure were drawn on these maps for the purpose of determining the weighted average rock pressure of each zone area in the field. This method is commonly known as isopeizo or isobaric method of determining the weighted average pressure of any area. This is accomplished by relating the area lying between lines of equal pressure to the total area in order to determine a composite weighted average pressure for the total area.

I obtained from the Interstate company production data segregated by zone areas, which represented the total production produced in each zone area, between the "Regauge" report dates. This information was supplied to me from 1927 through 1939, and supplemented by me with the 1940 production from the records of the Department of Minerals. The company's production data were verified as to accuracy by comparison with annual production data obtained from the Department of Minerals.

After careful study of the wells in the field and their production, an abandonment rock pressure of 50 pounds was considered to be reasonable. The Interstate company also submitted a 50 pound abandonment pressure as being a reasonable pressure in the Monroe Gas Field.

Utilizing the weighted average rock pressures and the production in each zone area, I estimated the gas reserves in each zone area by the pressure-decline method. This method is considered to be the most accurate method of estimating gas reserves whenever sufficient data are available and if the reservoir of the reserve to be computed is not affected by a water-drive. The Monroe Gas Field is not affected by a water-drive and is an ideal field to utilize this method in the computation of gas reserves. In using the pressure-decline method, I plotted the weighted average rock pressure against the cumulative production as of the date of the weighted average rock pressure, and extrapolated the trend indicated by the plotted points to the abandonment pressure of the field. In this manner, I estimated the gas reserves in each zone area. I then plotted one curve representing the total field and obtained a reasonable check upon my estimate of gas reserves for each zone area.

I ascertained the total area of the Monroe Gas Field to be 234,496 acres and the number of acres in each of the zone areas as shown in the following table.

By dividing the number of acres in each zone area into the future recoverable gas reserves of each zone, I determined the probable future recoverable gas reserves per acre in each zone.

I then applied the above-determined expected future-recoverable-per-acre factor to the number of acres owned by the Interstate Natural Gas Company in each of the zone areas to determine the future recoverable gas reserves owned by the Interstate company. The result of this computation is shown in the following table. To the future recoverable gas reserves of the Interstate company, I have added the total gas which the company has produced from each zone to determine the ultimate recoverable gas reserves of Interstate Natural Gas Company which is also shown in the following table. No gas reserves were computed for mineral interests lying outside of the probable limit of the Monroe Gas Field.

Estimate of Recoverable Natural Gas Reserves of the Interstate Natural Gas Co., Inc., in Monroe Gas Field, La., as of 12-31-41.

Docket G-149. (Pressure Base: 14.4 Lbs. Atmos. plus 10 Oz.)

Zone Area	Total Acres in Zone Area	Total (Net) Acres I. N. G. Co., Inc., Mineral Interests	M. C. F. Gas Produced by 1926-1941 Incl. I. N. G. Co., Inc.,	Future Recoverable Gas Reserves of M. C. F. as of 12-31-41 I. N. G. Co., Inc., in	Ultimate Recoverable Gas Reserves of in M. C. F. I. N. G. Co., Inc.,
Operated Mineral Interests					
2	19,660	17.27	257,324	172,265	429,589
3	17,633	42.73	.....	294,410	294,410
5	44,668	2,347.17	13,394,786	24,339,104	37,733,890
6	9,137	6,891.13	26,466,240	133,206,090	159,672,330
7	30,355	8,426.78	5,240,431	66,664,066	71,904,497
8	41,419	15,254.66	115,255,150	480,265,759	595,520,909
9	25,790	9,067.15	18,445,162	132,107,161	150,552,323
Outside Monroe Field		3,302.05	.....	.....	.....
Total		45,348.94	179,059,093	837,048,855	1,016,107,948

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Unoperated Mineral Interests					
5	44,668	76.78	.....	766,372	766,372
6	8,137	644.80	.....	12,300,850	12,300,850
7	30,355	3,549.85	.....	26,787,168	26,787,168
8	41,419	1,384.34	.....	42,297,124	42,297,124
9	25,790	1,482.49	.....	21,267,802	21,267,802
Outside Monroe Field		1,085.49	.....	.....	.....
Total		8,223.73	.....	103,419,316	103,419,316
Total		53,572.67	179,059,093	940,468,171	1,119,527,264

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Docket G-149.

Map.

The enclosed map includes all of the area of the Monroe Gas Field. Upon the base of this map (buff) are shown the Parish lines, Township and range lines, principal rivers and drainage, railroads, towns and cities, and the location of all the wells which have been drilled within the limits of the Monroe Gas Field and exploratory wells which have been drilled outside of the limits of the gas field. In heavy lines are shown the probable productive limits of the Monroe Gas Field and the zone area boundaries and their designating numbers.

Superimposed upon this base map the production plant property of the Interstate Natural Gas Company, Inc. is shown in black and red as follows:

(a) A heavy black circle has been placed circumscribing the location of all of the gas wells owned by the Interstate company; beside these locations has been placed the company well number.

(b) The field pipe lines of the company are shown in black on the map with their company numbers and sizes designated.

(c) The location of the De Siard compressor station is shown in black with the transmission pipe line T-1 shown as far as the limits of the map will allow; also transmission pipe line T-9 is shown from its terminal point near Perryville to the south as far as the map will allow.

(b) All points of metering in Monroe Field are shown in black and are designated either by well number or metering point number. These metering points include gas produced, gas purchased, gas received for transportation, gas sold, gas exchanged, and gas used by the company, as of December 31, 1941.

(e) The mineral interests (lands, leaseholds, and gas rights) have been shown on the map in two red Bendee patterns, one pattern designating all mineral interests which are considered to be perpetuated by the company, and the other pattern showing all mineral interests (leaseholds and gas rights) which have not been perpetuated and are at the present time considered to be unoperated by the company.

Map of Monroe Gas Field omitted from the printed record pursuant to Joint Stipulation of Counsel as to printing record, copied at page 1, and in its place the following notation is made pursuant to said Stipulation as follows:

"Page 2522 is the same as page 2463."

* * * * * *

EX. 51.

Docket G-149.

Scope of Exhibit.

The purpose of this exhibit is to set forth the estimated average service lives of all the depreciable and depletable property of the Interstate Natural Gas Com-

pany, Inc. (hereinafter termed Interstate Company). This exhibit sets forth the limitations of the study; the methods used; sources of material; a description of the field examination; an analysis of salvage conditions; the estimated composite service lives by accounts; and a recommended service life for each primary account.

The service lives stated in this exhibit represent judgment figures based on experience weighted with a consideration of the relevant elements ascertained from such sources of information as are hereinafter mentioned.

The determination of the depreciation and depletion is limited to those items of property which were considered as used and useful in the rendering of natural gas service to Interstate's customers as of December 31, 1941.

Docket G-149.

Studies and Inspections.

A field inspection of the Interstate's property was made during the year 1941.

The purposes of the field examinations were to measure, when possible, the extent to which physical deterioration had occurred; observe the measure of protection afforded to depreciable property by maintenance; determine the actual existence of items of property shown on the company's books; observe any conditions which would affect judgment based on previous experience in the determination of service life; become acquainted with local conditions; become familiar with the operating methods and records; assure that the units of property had been properly classified; and determine the used and useful material of the units of property.

In arriving at the service lives adopted for the various units of property, data were assembled from various sources and special efforts were made to obtain the results of years of actual operating experience of other companies as a background.

The composite service lives shown in this exhibit are based on an inspection of the property, a study of property retirements, the experience of other natural gas companies, and upon the exercise of engineering judgment after consideration of all relevant information including factors affecting service lives such as wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities, and the exhaustion of natural resources.

The composite service lives have been developed by the group method and are weighted averages for each account.

Consideration has been given to information secured from the following sources for the purpose of determining service lives:

1. A field inspection.

2. Other nautral gas companies whose transpired lives exceed that of the Interstate company.

3. Equipment manufacturers.

4. The Interstate Commerce Commission's Bureau of Valuation determinations of service lives for all pipe line properties located in the mid-continent area.

5. The Bureau of Internal Revenue's determination of service lives for various classes of gas property.

6. The service lives presented by various engineers to Courts and commissions in rate proceedings.

The estimated salvage value of the property at the end of its physical life was the subject of considerable investigation and study. A study was made of the cost of removal, loading, hauling, demolishing, reduction to marketable size, damage due to removal, etc.

Considering all of the above factors it is apparent that the estimation of salvage value of property in the far distant future is highly speculative.

From consideration of all the data and studies made, it has been concluded that the salvage value of Interstate's property at the end of its service life will approximately equal the cost of removal and therefore may be disregarded at this itme.

Docket G-149.

Production Plant

After completing numerous analyses of the company's operations in the Monroe Gas Field, I have recommended the following depletion plan for the total production plant insofar as the investment lies within the limits of the Monroe Gas Field. This depletion plan is predicated upon my judgment that when the gas reserves in the Monroe Gas Field become exhausted, all of the production plant (mineral interests, wells, field lines, metering stations, employees' houses, etc.) will have served its useful purpose to the company.

The depletion plan is to allow all mineral interest costs (Account 330) and volumetric gas reserves in the depletion base the year that these mineral interests became perpetuated through the drilling operations of the Interstate company. In a like manner, the investments in the other plant accounts have been included in the depletion base in the year in which this investment was realized by the company. The depletion rate determined by the volumetric gas reserves and annual production has been considered to be applicable to all of the accounts in production plant, including Account 330.

Starting with the date of the inception of the company, the volumetric gas reserves have been computed as the annual amount in volumetric gas resrves which have been perpetuated through the drilling operations of the company upon its mineral interests. In this manner, the volumetric gas reserves have been built up as they were developed and as the risk of forfeiture of the mineral-interest right has been eliminated through being perpetuated by drilling wells.

The depletion plan of depreciating production plant on a unit production basis includes the following accounts insofar as their investment is applicable to the geographic area in the Monroe Gas Field.

Production Plant
Account 330.1—Natural Gas Producing Lands.
Account 330.2—Natural Gas Producing Leaseholds.
Account 330.3—Natural Gas Rights.
Account 330.4—Rights of Way.
Account 330.5—Other Land and Land Rights.
Account 331.2—Field Measuring and Regulating Station Structures.

Account 331.3—Other Production System Structures.
Account 332.1—Producing Gas Wells—Well Construction.
Account 332.2—Producing Gas Wells—Well Equipment.
Account 333.1—Field Lines.
Account 333.2—Field Measuring and Regulating Station Equipment.
.....—Interest and Taxes During Construction.

The following mineral-interest accounts have been used as the basis of depletion:

Account 330.1—Natural Gas Producing Land.—Since these mineral interests are perpetuated upon purchase of land in fee, the total cost of these lands and the estimated volumetric recoverable gas reserves have been included in the depletion base as of the date of purchase. In this manner the cost of lands owned in fee which have been purchased for their natural gas will be depleted over the entire life of the company's production property. No salvage value has been considered for the surface rights of natural gas producing lands; it has been considered that the money paid for this land in fee is what the company considered at the time of purchase to be a fair cost for the mineral rights.

Account 330.2—Natural Gas Producing Leaseholds.—Beginning with the inception of the company, natural gas leaseholds have been brought into the depletion base with their future recoverable gas reserves as each leasehold has been perpetuated through the drilling of wells for the production of gas by the Interstate company.

Account 330.3—Natural Gas Rights.—Beginning with the inception of the company, natural gas rights and the future recoverable natural gas reserves underlying these

gas rights have been included in the depletion base as each tract or tracts of gas rights has been perpetuated through the drilling of wells by the company.

The sum of the natural gas reserves perpetuated by years in the above three mineral-interest accounts less the MCF of gas that has been produced by the company has been used as a basis for depletion of all the accounts in the Production Plant insofar as the investment has been applicable to the Monroe Gas Field.

The following tabulation shows by years the number of net acres of mineral interests perpetuated through the drilling of wells; the volumetric recoverable gas reserves in MCF by year of perpetuation; the production in MCF by years; and the future volumetric recoverable gas reserves as of December 31 by years, in MCF from 1926 through 1941. On this same tabulation is shown the total unoperated mineral interests owned by the Interstate company with an estimate of the future recoverable gas reserves underlying these mineral interests as of December 31, 1941, which have not as yet been perpetuated by the Interstate company.

Docket G-149.

Recoverable Gas Reserves and Annual Production By Years—1926-1941.

(Pressure Base—14.4 Lbs. Atmos. plus 10 Ounces.)

Total Operated Mineral Interests.

Account 330.1—Land.

Account 330.2—Leaseholds.

Account 330.3—Gas Rights.

Year	Mineral Interest Acres Perpetuated	Recoverable Gas Reserves in MCF by Year of Perpetuation	Production in MCF By Years	Recoverable Gas Reserves as of December 31 by Years in MCF
1926	33,047.86	775,687,233	5,714,398	769,972,835
1927	382.94	13,192,897	790,549	782,375,183
1928	427.19	7,918,257	363,620	789,929,820
1929	6,400.84	122,945,801	1,232,811	911,642,810
1930	1,134.72	18,224,765	2,558,803	927,308,772
1931	40.00	1,038,995	3,273,158	925,074,609
1932	.....	.....	3,342,173	921,731,436
1933	.....	.....	2,407,090	919,324,346
1934	40.00	3,934,558	3,435,726	919,823,178
1935	1,040.62	18,263,387	8,069,501	930,017,064
1936	175.00	8,394,124	12,871,998	925,539,190
1937	500.44	11,745,128	24,242,542	913,041,776
1938	214.75	4,441,247	25,399,871	892,083,152
1939	289.50	3,505,396	30,743,475	864,845,073
1940	1,336.09	18,611,211	25,792,564	857,663,720
1941	371.99	8,204,949	28,819,814	837,048,855
Total	*45,348.94	1,016,107,948	179,059,093	.....

* Does not include difference between gross and net acres of parcel 450 & 451. Does not include (40.00Ac.) of parcel 475 leased to So. Car. Co.

Total Unoperated Mineral Interests.

Account 330.2—Leaseholds.

Account 330.3—Gas Rights.

Total	8,223.73	(1491)	.....	103,419,316

Total Future Recoverable Gas Reserves as of 12-31-41 940,468,171

EXHIBIT No. 56.

Witness .....

Federal Power Commission.

Docket No. G-149.

In Re: Interstate Natural Gas Company, Incorporated.

Original Cost of Gas Plant,

December 31, 1940.

Federal Power Commission, Docket No. .... Exhibit No. 56 (for Identification). Date Identified 6/19/42.

Federal Power Commission. Docket No. G-132 et al. Hearing Ex. No. 56. 6/19/42.

Bureau of Accounts, Finance and Rates.

Division of Accounts.

Interstate Natural Gas Company, Incorporated.

Original Cost of Gas Plant.

December 31, 1940.

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Docket G-149.

Interstate Natural Gas Company, Incorporated.

Original Cost of Gas Plant.

December 31, 1940.

The Federal Power Commission, under date of December 5, 1939, issued an order of investigation into and concerning all rates, charges, classifications, rules, regulations, practices or contracts, of Interstate Natural Gas Company, Incorporated. Pursuant thereto an examination of the books and records of that company was undertaken and a number of reports relative to its plant and operations were prepared. This is one of those reports.

The original cost of the gas plant of Interstate Natural Gas Company, Incorporated, as at December 31, 1940, determined by means of an examination of the accounts and records of that company, is set forth in Schedule 1 of this report. This schedule sets forth by primary plant accounts, the investment in gas plant shown in those

accounts on the books, reclassifications and adjustments made by Commission examiners-of-accounts, and the investment in gas plant, as reclassified and adjusted. The examiners' reclassification and adjustments are the result of test and detailed analyses, the latter embracing more than 60% of plant investment. As reclassified and adjusted, the investment in gas plant is the original cost of the company's gas plant as defined in the Federal Power Commission's Uniform System of Accounts.

Summaries of examiners' journal entries, by means of which the reclassification and adjustment of the plant accounts were effected, are presented in Schedules 1A, 1B, 1C, and 1D. These schedules contain a brief description of the journal entries and give the amounts and the numbers thereof. By means of its number each reclassification or adjustment may be traced to the entry itself. Most of the entries are reproduced as a part of this report.

A tabulation of the amounts in each of the primary accounts shown in Schedule 1 is set forth, in considerable detail, in Schedules 2 to 32, inclusive. The schedule assigned each account is shown in the Table of Contents above. The same kind of information that is shown in Schedule 1 is shown, in detail, in Schedules 2 to 32, inclusive, namely: investment per books, examiners' reclassifications and adjustments, and investment as reclassified and adjusted.

The amount of Gas Plant Investment per books shown in Schedule 1, which is $20,567,726 is the amount thereof shown on the company's balance sheet as at December 31, 1940. Sub-divided into functional divisions, with examiners' reclassifications and adjustments, it is as follows:

Gas Plant—December 31, 1940.

Kind of Plant	Account Balances	Examiners' Reclassifications and Adjustments	As Adjusted
Fee Lands & Easements	$ 406,580	$(406,580)	$.....
Production Plant	5,677,405	647,201	6,324,606
Transmission Plant	14,028,398	607,065	14,635,463
General Plant	426,302	(150,758)	275,544
Gas Plant Leased to Others	.....	13,268	13,268
Construction in Progress	29,041	(15,602)	13,439
Total Gas Plant	$20,567,726	$694,594	$21,262,320

The gross additions and retirements per books for the years 1926 to 1940, which equal it are:

Gross Additions and Retirements Per Books
1926—1940

Year	Gross Additions	Retirements	Net Additions	Balance December 31
1926	$12,799,023	$ 17,784	$12,781,239	$12,781,239
1927	1,258,945	9,340	1,249,605	14,030,844
1928	330,382	21,076	309,306	14,340,150
1929	3,033,378	25,544	3,007,834	17,347,984
1930	695,096	181,675	513,421	17,861,405
1931	263,614	32,688	230,926	18,092,331
1932	268,285	101,021	167,264	18,259,595
1933	27,958	26,235	1,723	18,261,318
1934	187,437	85,947	101,490	18,362,808
1935	456,440	595,248	(138,808)	18,224,000
1936	429,666	148,491	281,175	18,505,175
1937	1,010,727	42,779	967,948	19,473,123
1938	225,457	67,844	157,613	19,630,736

Year	Gross Additions	Retirements	Net Additions	Balance December 31
1939	220,488	28,562	191,926	19,822,662
1940	914,565	169,501	745,064	20,567,726
Total	$22,121,461	$1,553,735	$20,567,726	$20,567,726

These gross additions include the following acquisitions:

Acquisitions.

Year Acquired	Vendor	Amount
1926	Union Power Co., Inc.	$2,886,382
1926	H. D. Walbridge and H. C. Morris, Trustees	419,997
1937	Mississippi River Fuel Corporation	185,000
1940	Gulf Natural Gas Corporation	95,000
	Total	$3,586,379

They have among them also, indirect construction costs in the amount of $1,081,567, that were accumulated on the books as such until September 30, 1929. At that time, these costs which relate both to plant acquired and constructed, were allocated to the plant accounts. They were spread in three steps: first, to the major classes of plant, namely Production, Transmission, and General Plant; secondly, to the primary accounts of those major classifications; and lastly, to units of property. The major classes of plant to which they were allocated and a general description of their nature is given below:

Indirect Construction Costs.

Miscellaneous expenses on the basis of Plant Investment as of September 30, 1929, to Production, Transmission, and General Plant, respectively	$839,334

General officers' and clerks' salaries and expenses, and office supplies and expenses and taxes during construction to Organization expense	84,581
Fee paid to Ford, Bacon and Davis, Inc., for negotiating purchase of property from Union Power Company, Inc., and others to Production Plant	100,000
Other preconstruction expenses to Production Plant	29,781
Law expenditures on the basis of right-of-way investment to Production and Transmission Plant	27,871
Total	$1,081,567

Included in the $1,081,567 above, is $98,279 of interest during construction which was transferred by the company from its plant accounts to its surplus account. This amount examiners have restored to plant.

A great part of the indirect construction costs consists of amounts paid to Ford, Bacon and Davis, Inc. During the years 1926 to 1940, inclusive, that firm received payments in the aggregate amount of $1,357,824, which were charged to plant and to operating accounts, as follows:

Payments to Ford, Bacon and Davis
1926—1940.

Year	Accounts Utility Plant	Accounts Operating	Total
1926	$482,205	$	$ 482,205
1927	129,147	67,897	197,044
1928	10,969	70,809	81,778
1929	48,057	85,279	133,336

Year	Accounts Utility Plant	Accounts Operating	Total
1930	2,191	72,342	74,533
1931	52,681	79,111	131,792
1932	221	80,043	80,264
1933	....	80,010	80,010
1934	8,626	72,957	81,583
1935	1,884	10,093	11,977
1936	....	50	50
1937	....	46	46
1938	....	950	950
1939	....	....	....
1940	....	2,256	2,256
Totals	$735,981	$621,843	$1,357,824

The general nature of the payments to Ford, Bacon and Davis, Inc., showing the cost of the property to which the payments charged plant accounts relate, are as follows:

Nature of Amounts Paid Ford, Bacon and Davis 1926—1940.

Description	Amounts Paid Ford, Bacon and Davis	Cost of Property Acquired and Constructed	Ratio of Amounts Paid Ford Bacon and Davis to Cost of Property
Relative to Property Acquired:			
Negotiation Fees	$ 100,000		
Harvey C. Cough—Reimbursement	25,000		
Study of Gas Reserves	8,510		
Other Services and Expenses	41,238		
	$ 174,748	$4,588,522	3.81%

Description	Amounts Paid Ford, Bacon and Davis	Cost of Property Acquired and Constructed	Ratio of Amounts Paid Ford Bacon and Davis to Cost of Property
Relative to Property Constructed:			
Fees	418,405		
Services and Expenses	142,829		
	561,234	12,037,553	4.66%
Total Fees and Expenses Relative to Property Acquired and Constructed	735,982	$16,626,075	4.43%
Management Services:			
Flat Fees	399,462		
Services and Expenses	222,380		
Total Management Fees and Expenses	621,842		
Grand Total	$1,357,824		

Originally, Ford, Bacon and Davis furnished their construction and management services under the terms of a contract entered into with Standard Oil Company (New Jersey) in 1925, under stipulations which are set forth in this examiner's report entitled "A Corporate and Financial History of Interstate Natural Gas Company, Incorporated". This contract continued in force until January 1, 1932, when a three-year contract covering management services was entered into by Ford, Bacon and Davis and Interstate. The latter contract, so far as provisions for management services go, including the provision for the annual fee of $50,000, contained terms similar to those in the original contract. Upon the termination of the second contract, Interstate undertook and thereafter maintained its own management.

After January 1, 1932, construction was relatively light and the fees and expenses paid Ford, Bacon and Davis between that time and December 31, 1940, amounted to only $10,731. During the years 1932 to 1940, construction fees and expenses in small amounts were also paid to Williams Brothers Corp. In 1939, Ford, Bacon and Davis Construction Corporation built for Interstate approximately 35,523 feet of 6 inch field line from the Shell Oil Company's property, across the Mississippi River into St. James Parish to United Gas Pipe Line Company's main 18 inch New Orleans line. For building this line that Corporation was paid by Interstate $26,860, or at the rate of 37½ cents per foot for laying line through land and $5.00 per foot for laying line across the Mississippi River.

In addition to amounts paid Ford, Bacon and Davis, Interstate expended the sum of $175,508 for engineering, superintendence, and other indirect costs in connection with construction, during the years 1926 to 1935,

inclusive. This sum is equivalent to about 1½% of the total construction costs of properties costing $12,037,553 as shown on page 6. It raises the percent of all fees and expenses on the total cost of property acquired and constructed amounting to $16,626,075, from 4.43 to 5.48%.

Subsequent to the period of primary construction in 1926 and 1927, the Company did not charge administrative and general expenses to its plant accounts.

Washington, D. C., March 2, 1942.

F. H. MAGRUDER,
(F. H. Magruder)
Principal Examiner of Accounts.

VICTOR G. GOUGH,
(Victor G. Gough)
Supervising Examiner.

Approved:

W. E. BAKER,
(W. E. Baker)
Chief Accountant.

CHAS. W. SMITH,
(Chas. W. Smith)
Chief, Bureau of Accounts, Finance and Rates.

EX. 56.

Docket G-149.

Interstate Natural Gas Co., Inc.

Investment in Gas Plant.

Capitalized Cost per Books and as Adjusted—December 31, 1940.

Item No. (a)	Schedule Number (b)	Account Numbers I. N. G. (c)	Account Numbers F. P. C. (d)	Account Classification (e)	Total Cost Per Books (f)	Examiners' Reclassifications Dr. (g)	Examiners' Reclassifications Cr. (h)	Per Books Reclassified (i)
				Natural Gas Production Plant.				
				Natural Gas Acreage:				
1	2	302.1	330.1	Natural Gas Producing Lands	$	$188,801.30	$	$ 188,801.30
2	3	301.2	330.21	Natural Gas Producing Leaseholds—Operated	134,561.96	28,727.71	3,074.37	160,434.13
3	4	300.2	330.22	Natural Gas Producing Leaseholds—Unoperated	43,561.96	7,474.37	28,727.71	22,308.62
4	5	301.3	330.31	Natural Gas Rights—Operated	2,901,825.52	.....	154,860.28	2,746,965.24
5	6	300.3	330.32	Natural Gas Rights—Unoperated	91,725.46	.....	12,660.46	79,065.00
				Total Natural Gas Acreage	3,171,893.73	225,003.38	199,322.82	3,197,574.29
7	11	302.3	330.4	Rights-of-Way	.....	35,189.65	.....	35,189.65
8	7	302.1	330.5	Other Land and Land Rights	.....	15,083.88	.....	15,083.88
9	8	306.8	331.22	Field Measuring and Regulating Station Structures	14,539.97	.....	.....	14,539.97
10	9		331.3	Other Productoon System Structures	.....	6,517.76	.....	6,517.76
				Producing Gas Wells:				
11	10	306.3	332.1	Well Construction	673,965.33	.....	.....	673,965.33
12	10	306.1	332.21	Well Equipment—Pipe	401,168.85	.....	.....	401,168.85
13	10	306.2	332.22	Well Equipment—Fittings	33,925.64	.....	.....	33,925.64
				Total Producing Gas Wells	1,109,069.82	.....	.....	1,109,059.82
			333.1	Field Lines:				
15	11	306.4	333.11	Pipe	748,602.91	.....	.....	748,602.91
16	11	306.5	333.12	Fittings	83,658.76	.....	.....	83,658.76
17	11	306.6	333.13	Construction—Labor	269,481.16	.....	.....	269,481.16
18	11	306.7	333.14	Construction—Miscellaneous	177,505.07	.....	.....	177,505.07
19				Total Field Lines	1,279,247.90	.....	.....	1,279,247.90
20	8	306.9	333.22	Field Measuring and Regulating Station Equipment	102,663.85	.....	.....	102,663.85
21	29			Construction Overheads	.....	.....	.....	.....
22				Total Natural Gas Production Plant	$5,677,405.27	$281,794.67	$199,322.82	$5,759,877.12

Per Books Reclassified (i)	Examiners' Adjustments Dr. (j)	Examiners' Adjustments Cr. (k)	As Adjusted (l)
$ 188,801.30	$.....	$.....	$ 188,801.30
160,434.13	123,792.04	118,745.80	165,480.37
22,308.62	5,407.07	25,377.27	2,338.42
2,746,965.24	11,427.37	1,638.35	2,756,754.26
79,065.00	560,269.03	78,174.00	561,160.03
3,197,574.29	700,895.51	223,935.42	3,674,534.38
35,189.65	.....	2,934.79	32,254.86
15,083.88	.....	.....	15,083.88
14,539.97	.....	583.48	13,956.49
6,517.76	.....	.....	6,517.76
673,965.33	71,452.16	18,455.65	726,961.84
401,168.85	21,683.40	17,845.55	405,006.70
33,925.64	2,320.56	1,909.84	34,336.36
1,109,059.82	95,456.12	38,211.04	1,166,304.90
748,602.91	.....	9,660.18	736,942.73
83,658.76	.....	858.84	82,799.92
269,481.16	.....	5,447.48	264,033.68
177,505.07	.....	2,349.36	175,155.71
1,279,247.90	.....	18,315.86	1,260,932.04
102,663.85	128.34	2,651.29	100,140.90
.....	55,064.82	183.98	54,880.84
$5,759,877.12	$851,544.79	$286,815.86	$6,324,606.05

Item No. (a)	Schedule Number (b)	Account Numbers I. N. G. (c)	Account Numbers F. P. C. (d)	Account Classification (e)	Total Cost Per Books (f)	Examiners' Reclassifications Dr. (g)	Examiners' Reclassifications Cr. (h)	Per Books Reclassified (i)
				Transmission Plant.				
23	12	302.1	361.1	Land	$	$ 31,740.91	$	$ 31,740.91
24	13	302.3	351.2	Land Rights—Rights-of-Way	.....	230,771.12	.....	230,771.12
25	14	306.21	352.1	Pumping Station Structures	516,540.83	64,525.86	.....	581,066.69
26	15	306.23	352.2	Measuring and Regulating Station Structures	26,568.32	.....	.....	26,568.32
27	16	306.29	352.3	Other Transmission System Structures	11,541.39	164,153.00	.....	175,694.39
			353	Mains:				
28	17	306.25	353.1	Pipe	6,265,386.38	.....	.....	6,265,386.38
29	17	306.26	353.2	Fittings	1,049,524.77	.....	.....	1,049,524.77
30	17	306.27	353.3	Construction—Labor	3,024,695.66	.....	.....	3,024,695.66
31	17	306.28	353.4	Construction—Miscellaneous	1,293,356.61	30,732.76	.....	1,324,089.37
32				Total Mains	11,632,963.42	30,732.76	.....	11,663,696.18
33	18		353	Gulf Natural Gas Corporation Pipe Line—Purchased	95,000.00	.....	.....	95,000.00
34	19	306.22	354.1	Pumping Station Equipment	1,631,918.50	266.23	.....	1,632,184.73
35	15	306.24	354.2	Measuring and Regulating Station Equipment	68,817.60	.....	.....	68,817.60
36	20	306.30	354.3	Other Transmission System Equipment	45,047.82	.....	45,047.82	.....
37	29			Construction Overhead	.....	.....	.....	.....
38				Total Transmission Plant	14,028,397.88	522,189.88	45,047.82	14,505,539.94
				General Plant.				
39	21	306.50	371	Structures and Improvements	191,408.47	16.12	170,670.76	20,753.83
40	22	306.51	372	Office Furniture and Equipment	24,702.77	.....	.....	24,792.77
41	23	306.53	373	Transportation Equipment	51,877.86	.....	.....	51,877.86
42	24	306.54	374	Stores Equipment	2,646.90	.....	.....	2,646.90
43	25	306.55	376	Laboratory Equipment	.....	345.20	.....	345.20
44	26	306.55	377	Tools and Work Equipment	.....	13,703.63	.....	13,703.63
45	27	306.52	378	Communication Equipment	132,556.68	.....	.....	132,556.68
46	28	306.55	379	Miscellaneous Equipment	23,019.21	.....	.....	23,019.21
47	29			Construction Overheads	.....	.....	16.12	(16.12)
48				Total General Plant	426,301.89	$14,064.95	$170,686.88	$269,679.96
49	32	302.1		Fee Lands	$ 140,618.76	$	$137,031.21	$ 3,587.55
50		302.5		Easements—Rights-of-Way	265,960.77	.....	265,960.77	.....
51			100.1	Total Gas Plant in Service	20,538,684.57	818,049.50	818,049.50	20,538,684.57
52	30		100.2	Gas Plant Leased to Others	.....	.....	.....	.....
53	31	308	100.3	Construction Work in Progress	29,041.05	.....	.....	29,041.05
54			100	Total Gas Plant	$20,567,725.62	$818,049.50	$818,049.50	$20,567,725.62
				See Schedule		1-A	1-A	

tions	Per Books Reclassified (i)	Examiners' Adjustments Dr. (j)	Examiners' Adjustments Cr. (k)	As Adjusted (l)
...	$ 31,740.91	$.....	$.....	$ 31,740.91
...	230,771.12	26,583.38	21.84	257,332.66
...	581,066.69	.....	1,402.57	579,664.12
...	26,568.32	3,714.06	.....	30,282.38
...	175,694.39	.....	.....	175,694.39
...	6,265,386.38	5,130.86	5,403.73	6,265,113.51
...	1,049,524.77	91.50	19,243.28	1,030,372.99
...	3,024,695.66	7,398.43	58,652.40	2,973,441.69
...	1,324,089.37	41,334.51	1,144.62	1,364,279.26
...	11,663,696.18	53,955.30	84,444.03	11,633,207.45
...	95,000.00	.....	.....	95,000.00
...	1,632,184.73	.....	.....	1,632,184.73
...	68,817.60	9,009.99	.....	77,827.59
.82	.....	2,446.48	.....	2,446.48
...	.....	120,081.83	.....	120,081.83
.82	14,505,539.94	215,791.04	85,868.44	14,635,462.54
.76	20,753.83	.....	17,207.05	3,546.78
..	24,792.77	.....	.....	24,792.77
..	51,877.86	.....	.....	51,877.86
..	2,646.90	.....	.....	2,646.90
..	345.20	.....	.....	345.20
..	13,703.63	.....	.....	13,703.63
..	132,556.68	20,479.81	.....	153,036.49
..	23,019.21	.....	.....	23,019.21
12	(16.12)	2,591.79	.....	2,575.67
.88	$269,679.96	$23,071.60	$17,207.05	$275,544.51
21	$ 3,587.55	$	$ 3,587.55	$ .....
77	.....	.....	.....	.....
50	20,538,684.57	1,090,407.43	393,478.90	21,235,613.10
..	.....	13,267.98	.....	13,267.98
..	29,041.05	.....	15,601.11	13,438.94
50	$20,567,725.62	$1,103,675.41	$409,081.01	$21,262,319.02

EX. 57.

Docket G-149.

Interstate Natural Gas Company, Incorporated.

A Corporate and Financial History
of
Interstate Natural Gas Company, Incorporated.

Under date of December 5, 1939, the Federal Power Commission issued an order of investigation into and concerning all rates, charges, classifications, rules, regulations, practices or contracts of Interstate Natural Gas Company, Incorporated, and pursuant thereto an examination of the accounts and records of that company was undertaken. The more important facts relative to that company's organization, capitalization, control, and operations, gathered in the course of that examination are set forth in this history which covers the period begun with the date of the incorporation of the company, April 1, 1926, and ended December 31, 1940.

In addition to text, this history includes eight schedules, which set forth for the years 1926 to 1940 inclusive, the company's balance sheets, a statement of its capital stock issued and outstanding. its income and surplus accounts, and a computation of the ratio of Net Income to Capital.

Organization.

This section of the report sets forth the manner and purpose of the organization of Interstate Natural Gas Company, Incorporated; the type and amount of its securities; the names of the principal holders of its securi-

ties; and the means by which Standard Oil Company (New Jersey) exercised control over it.

Incorporation and Purposes.

Interstate Natural Gas Company, Incorporated, was incorporated under the laws of the State of Delaware on April 1, 1926, under the terms of a certificate of incorporation which provided that it should have perpetual existence and permitted it, among other things, to own, construct, maintain, and operate gas wells, pipe lines, and compressing stations, together with other necessary appurtenance and equipment required to buy, produce, store, transport and sell natural gas.

The organization of Interstate Natural Gas Company, Incorporated, was carried out pursuant to an agreement entered into on October 9, 1925, between Standard Oil Company (New Jersey), the "Purchaser", and Ford, Bacon and Davis, Inc., "Engineers", which stipulated among other things:

"1. That the Purchaser, owning the entire capital stock of Standard Oil Company of Louisiana and desiring to decrease the fuel costs of the latter company's oil refinery at Baton Rouge, by the use of gas, contemplates the acquisition of gas reserves in the Monroe Gas Field and, the construction of a transmission system therefrom to said refinery.

"2. That the Engineers were to act as agent for the Purchaser in the acquisition of the gas reserves and other properties, principally the gas holdings of the Texas Company, the so-called Walbridge or H. C. Morris, Trustee, interests and the so-called Frost-Johnson interests, and to construct, operate and manage the proposed natural gas system.

"3. That Purchaser will cause Standard Oil Company of Louisiana to enter into a ten year contract to purchase at least 60,000,000 cubic feet of gas per day at 15 cents per m. c. f., from a new corporation (Interstate Natural Gas Company, Incorporated) to be formed to own and operate said natural gas system.

"4. That Engineers shall receive for their services in connection with—

a. Acquisition of Properties.

1. 75% of the per diem charges, then in effect in retainers contract, for Engineers' personnel so engaged, plus their expenses.

2. $100,000 within 30 days from date of delivery of properties acquired by Engineers and accepted by Purchaser.

3. $25,000 additional in the event Engineers avail themselves of the services of Mr. Harvey C. Couch, President of Southern Power and Light Company, in assisting in the consolidation of the gas acreage in question.

b. Construction of Properties.

1. Salaries and expenses of Engineers personnel delegated to such work, plus 50% of said salaries as overhead.

2. A flat fee of $300,000 for primary construction necessary to make delivery of gas to the oil refinery of Standard Oil Company of Louisiana at Baton Rouge.

3. 4% of all construction, in addition to the construction termed as primary, plus Engineers' expenses pertaining thereto.

4. Construction arrangements to continue for five years from acceptance by Purchaser of acquisition agreements, subject to renewal by Purchaser on same terms for an additional five year period, provided minimum payments thereunder aggregate $5,000 per year.

c. Management of Properties.

1. A net fee of $50,000 per annum payable monthly, after all expenses, in consideration of Engineers furnishing engineering, technical and management advice and supervising current operations for a period of five years from date of first commercial delivery of gas to the oil refinery at Baton Rouge, subject to renewal by Purchaser at a net annual fee of $55,000, payable monthly."

Directors and Officers.

The names of the persons who have been the company's directors and officers from the date of its inception to December 31, 1940, are shown in the ensuing tabulation.

Directors and Officers
1926—1940.

Directors		
Name	From	To
Wm. von Phul	4- 1-26	*
Reid L. Carr	4- 1-26	*
E. A. Frost	4- 1-26	*
R. W. Gallagher	4- 1-26	12-15-35
H. C. Cooper	4- 1-26	6- 5-34
J. B. Luse	4- 1-26	5-16-29
Christy Payne	4- 1-26	6-14-33
E. E. DuVall	5-16-29	*
Harold A. Koechling	6-14-33	12-15-33
B. D. Yates		
Jas. E. Comerford		

Officers		
Title	From	To
President	4-13-26	5- 2-35
Vice-Pres.	6-14-33	12-15-33
Treasurer	4-13-26	5-16-29
Vice-Pres.	4-13-26	6-14-33
Secretary	4-13-26	*
Asst. Treas.	12-15-33	*
Asst. Treas.	4-13-26	5-16-29
Asst. Sec'y.	5-24-28	5-16-29
Treasurer	5-16-29	12-15-33
Vice-Pres.	5- 4-32	6- 5-34
Asst. Treas.	4-13-26	7-22-27
Asst. Sec'y.	8-26-26	*
Asst. Treas.	5-16-29	12-15-33
Treasurer	12-15-33	*

Directors		
Name	From	To
A. H. Salisbury		
F. H. Lerch, Jr.	12-15-33	*
W. A. Dougherty	12-15-33	*
James H. Durbin	6- 5-34	*
John Gordon		

Officers		
Title	From	To
Asst. Treas.	7-22-27	*
Vice-Pres.	12-15-33	5- 2-35
President	5- 2-35	*
Vice-Pres.	6- 5-34	*
Gen. Mgr.	11-22-39	

* Incumbent—December 31, 1940.

Capitalization.

During the 1926-40 period, Interstate Natural Gas Company, Incorporated, authorized the issue of one class of capital stock, without par value, (the only one authorized in its certificate of incorporation), in the number of 1,000,000 shares; and, one mortgage bond issue, namely, its First Mortgage Ten Year 6% Sinking Fund Gold Bonds, dated July 1, 1926, in the aggregate principal sum of $11,500,000. In addition to issuing these, it assumed $27,000 of the Ten Year 7% Debenture Bonds of Union Power Company, Inc., dated July 1, 1923. The three issues are further discussed below.

Capital Stock Issued: Initially, in August 1926, Interstate issued 600,000 shares of capital stock at $5 a share, or for $3,000,000, of which 125,000 and 375,000 shares were sold for cash to Southern Carbon Company and to Standard Oil Company (New Jersey), respectively, and 100,000 shares were issued to Union Power Company, Inc. in part payment for property. In the years 1926 to 1930, inclusive, bondholders acquired 114,620 shares more of the stock pursuant to a condition of the company's bond indenture which permitted them, before January 1, 1930, to purchase 10 shares at $10 a share, for each $1,000 bond held by them. And in 1929, stockholders exercising stock rights granted them by the board of directors on August 29, 1929 purchased 238,333 more shares at $10 a share. No other shares have been issued and none reacquired, so that at December 31, 1940, there were outstanding the 952,953 shares enumerated above, which had been issued for a total consideration of $6,529,530, consisting of $500,000 in property and $6,029,530 in cash.

A tabulation of the issuance of the company's capital stock is given in Schedule 2.

Bonds Issued: The entire issue of $11,500,000 of First Mortgage Ten Year 6% Sinking Fund Gold Bonds was disposed of in August 1926, for a total consideration of $12,025,000, as follows:

Bonds Issued.

Particulars	Face Amount	5% Premium	Total
For Cash:			
Rockefeller Foundation and Rockefeller Institute for Medical Research	$5,000,000	$250,000	$ 5,250,000
Southern Carbon Company	1,250,000	62,500	1,312,500
Southern Power Company	700,000	35,000	735,000
Other Purchasers	3,550,000	177,500	3,727,500
Total Cash Consideration	10,500,000	525,000	11,025,000
For Property			
Union Power Company, Inc., in part payment	1,000,00		1,000,000
Total Consideration	$11,500,000	$525,000	$12,025,000
Deduct:			
Commissions Paid		$ 25,000	
Other Bond Expenses		33,315	58,315
Net Proceeds from Issue			$11,966,685

The payment of the principal and interest of this issue was secured by an indenture of mortgage covering

the corporation's properties, executed and delivered to the National Bank of Commerce of New York, as Trustee.

The retirement of the bond issue was started in 1928 and by July 1, 1936, had been completed. Of the total amount of bonds retired, bonds in the principal amount of $6,596,000 were purchased in the open market for approximately 103.13% of their face value and the residue in the principal amount of $4,904,000 for 105, with funds deposited semi-annually with the Trustee. The premium paid to retire the whole issue was $451,968.94, an amount which averages slightly more than 3.91% of the principal amount of $11,500,000.

A major portion of the proceeds of these bonds went to Standard Oil Company (New Jersey) to reimburse it for expenditures that it had made in connection with the initial acquisition and construction of Interstate's properties and for interest accrued on those expenditures at the rate of 6%. The expenditures amounted to $8,479,104 and the interest to $90,979.

Bonds Assumed: Interstate Natural Gas Company, Incorporated assumed the liability to pay $927,000 of the Ten Year 7% Debenture Bonds of Union Power Company, Inc., in partial consideration of property purchased from that Company in 1926. The liability assumed on these bonds was met and they were retired in 1926 and 1927.

Control.

Control of Interstate Natural Gas Company, Incorporated, has rested continuously in Standard Oil Company (New Jersey) from the date of the incorporation of the

Interstate Company to the present, and has been exercised by virtue of the ownership of a majority of its capital stock. As pointed out above, Standard Oil originally purchased 375,000 shares of Interstate's capital stock; it later acquired more. Since January 3, 1930, Standard's holdings of this stock have remained constant at 514,266 shares which is 53.9% of the entire issue outstanding. The names of the company's stockholders as of August 31, 1926 and as of April 16, 1941, the date for which they were last obtained, is as follows:

Stockholders and Holdings.

	August 31, 1926		April 16, 1941	
Stockholder of Record	No. of Shares	% of Total	No. of Shares	% of Total
Standard Oil Company (N. J.)	375,000	62.50	514,266	53.97
Rockefeller Foundation	.....	....	33,763	3.54
Rockefeller Institute for Medical Research	.....	....	40,000	4.20
Southern Carbon Company	125,000	20.83	.....	....
Columbian Carbon Company	.....	....	148,957	15.53
Union Power Company, Inc.	100,000	16.67	.....	....
Frost Lumber Industries, Inc.	.....	....	70,000	7.35
American Republics Corp.	.....	....	42,920	4.50
Other Stockholders (928)	.....	.....	103,047	10.81
Total	600,000	100.00	952,953	100.00

Utility Plant.

The book cost of the gas plant of Interstate Natural Gas Company, Incorporated, amounted to $20,567,726 on De-

cember 31, 1940, and represented plant both acquired and constructed. The nature of this plant and its growth are briefly discussed below. The following tabulation shows its growth in dollars year by year; the December 31 balances are the same as those that appear for Fixed Capital in the company's balance sheets which are shown in Schedule 1.

Year	Gross Additions	Retirements	Net Additions	Balance December 31
1926	$12,799,023	$ 17,784	$12,781,239	$12,781,239
1927	1,258,945	9,340	1,249,605	14,030,844
1928	330,382	21,076	309,306	14,340,150
1929	3,033,378	25,544	3,007,834	17,347,984
1930	695,096	181,675	513,421	17,861,405
1931	263,614	32,688	230,926	18,092,331
1932	268,285	101,021	167,264	18,259,595
1933	27,958	26,235	1,723	18,261,318
1934	187,437	85,947	101,490	18,362,808
1935	456,440	595,248	(138,808)	18,224,000
1936	429,666	148,491	281,175	18,505,175
1937	1,010,727	42,779	967,948	19,473,123
1938	225,457	67,844	157,613	19,630,736
1939	220,488	28,562	191,926	19,822,662
1940	914,565	169,501	745,064	20,567,726
Total	$22,121,461	$1,553,735	$20,567,726	$20,567,726

Plant Acquired.

The gross additions of $22,121,461 shown above include the acquisitions which are listed and briefly explained below.

Acquired Year	Vendor	Amount Paid by Interstate	Net Value on Books of Vendor	Book Profit (or Loss) to Vendor
1926	Union Power Co., Inc.	$2,886,382	$371,127	$2,515,255
1926	H. D. Walbridge and H. C. Morris, Trustees	419,997	not known	not known
1937	Mississippi River Fuel Corporation	185,000	213,351	(28,351)
1940	Gulf Natural Gas Corp.	95,000	136,648	(41,648)
		$3,586,379		

Union Power Company, Inc.: On July 26, 1926, Interstate Gas Company, Incorporated, acquired from Union Power Company, Inc., gas rights to approximately 40,000 acres of land, certain other natural gas property, and a carbon black plant, all located in the Monroe gas field in Louisiana, for the aggregate amount of $3,477,185, which was paid as follows:

Particulars	Amount
Cash	$1,050,185
Interstate Natural Gas Company's First Mortgage Ten Year 6% Sinking Fund Gold Bonds	1,000,000
Capital Stock—100,000 shares @ $5 a share	500,000
Assumption of liability—Union Power Company's Ten Year 7% Debenture Bond	927,000
Total	$3,477,185

H. D. Walbridge and H. C. Morris, Trustee: In 1926 Interstate purchased from Walbridge and Morris, rights-of-way, the constructed portion of a pipeline which was to have run from the Monroe gas field to Baton Rouge, Louisiana, and quantities of unlaid pipe and other materials.

Mississippi River Fuel Corporation: In November 1936, Interstate acquired from Mississippi River Fuel Corporation a 16 inch pipeline which ran 25.32 miles, from the Richland gas field in Louisiana, to Perryville, Louisiana. This line, which had been constructed in 1929 by Mississippi River Fuel Corporation, was operated by that company until the time when, upon the cessation of the production of gas in commercial quantities in the Richland field, it was sold to Interstate. The consideration paid for the property was $185,000 in cash.

Gulf Natural Gas Corporation: On November 29, 1940, Interstate acquired jointly with United Gas Pipe Line Company, from the Liquidator of Gulf Natural Gas Corporation, a 12 inch pipe line which ran 12.69 miles, from the Lake Long gas field in Louisiana to Mathews, Louisiana, together with field and tap lines and other appurtenances. This line which had been constructed for Gulf Natural Gas Corporation in the latter part of 1938 by William Brothers Corp. under a turn key contract was operated by that company for less than one year, to October 11, 1939, and during that time supplied only a single customer. From October 11, 1939, the line lay idle until July 1, 1940, when it was leased to United Gas Pipe Line Company. After its purchase, this line was extended by United and Interstate south to the Lirette gas field and east to United's 18 inch New Orleans Main line so that it now has a total length of approximately 48 miles. Since the completion of the extensions, in the latter part

of 1940, it has been operated jointly by United and Interstate. The total consideration paid for the property was $190,000 in cash, of which Interstate paid half.

Plant Constructed.

The main transmission line of the company was constructed in 1926 and the first delivery of gas was made through it on January 3, 1927 to the Baton Rouge refinery of Standard Oil Company of Louisiana. The line extends from Fowler, Louisiana, in the Monroe gas field, to Baton Rouge, Louisiana, a distance of approximately 172 miles, and cuts across the southwest corner of Mississippi for about 44 miles. Originally it was a single line, constructed principally of 22 inch O. D. Lapweld, Dresser coupled pipe, weighing 93 pounds per foot; at river, creek, and swamp crossing, multiple lines of 10-3/4 to 14 inch O. D. pipe, having screw and welded joints, were used. Since the time of its original installation, the capacity of the line has been substantially increased by the construction of approximately 126 miles of parallel loop lines, mostly 22 inch, and of an additional compressing station at Ferriday, Louisiana.

A map filed with the Commission by the Interstate Company, in compliance with the Commission's Order No. 61, provides a general description of the line, which includes: the number of miles of different sizes of main, loop and tap lines; the points of its connection with the lines of other companies; the location and capacities of compressing station equipment; and the daily capacities of the main transmission lines, according to the varying initial and terminal pressure.

Other large additions to the company's plant have also been made. Since the organization of the company the

number of its wells have been increased by 84 to a total of 98 and well and field line construction for the additional wells has been completed. Each of the company's two compressing stations have been enlarged from four to six compressing units and approximately 35 miles of 12 inch line, extending from Gulf Natural Gas Corporation's 12 inch line south to the Lirette gas field and northeast to United Gas Pipe Line Company's 18 inch New Orleans main line, with laterals and telephone system, have been constructed. This line was constructed jointly with United Gas Pipe Line Company and Interstate's one-half share thereof amounted to $498,414.

In December 1939, Interstate Natural Gas Company and United Gas Pipe Line Company jointly leased from The Texas Company an 8 inch pipe line 35 miles long, extending from the Lafitte gas field to the city gate station at Marrero, Louisiana.

In 1940 Interstate entered into contracts to buy gas in three newly discovered fields located between Baton Rouge and New Orleans and constructed about 15 miles of 6 and 8 inch lines from the points of purchase in the fields to United Gas Pipe Line Company's New Orleans main line to transport this gas.

Plant Retired.

During the 1926-40 period, Interstate Natural Gas Company, Incorporated, retired utility plant amounting to $1,553,735. This sum is about 7% of all utility plant acquired and constructed by the company during the fifteen years of its existence. Of the retirements, unoperated gas acreage accounts for $893,520, or nearly 58% of total retirements and operated gas acreage for $75,760, or about 5%; retirements of transportation and other

equipment account for $191,441, or about 12%; and, retirements of transmission plant for $116,497, or about 8%. Retirements of transmission plant equalled less than 1% of the amount invested in that class of plant.

Reserves.

Interstate Natural Gas Company carries on its books three reserves applicable to its utility plant, viz: a reserve for depreciation; a reserve for depletion; and a reserve for amortization. At December 31, 1940, the book balances of these three reserves amounted to $10,094,461, a sum equivalent to 49% of the company's investment in utility plant on that date. The growth of the reserves to the amount is shown for the years 1926 to 1940, inclusive, in the following tabulation:

Reserves for Depreciation, Depletion and Amortization.

Year	Provision	Retirements	Net Increase	Balance December 31
1926	$ 68,276	$ 892	$ 67,384	$ 67,384
1927	455,929	4,632	451,297	518,681
1928	452,727	17,800	434,927	953,608
1929	484,450	7,359	477,091	1,430,699
1930	613,219*	32,101	581,118	2,011,817
1931	775,993*	27,385	748,608	2,760,425
1932	781,320†	(909)	782,229	3,542,654
1933	736,095	19,798	716,297	4,258,951
1934	809,202*	30,851	778,351	5,037,302
1935	1,280,573*	511,305	769,268	5,806,570
1936	831,789	125,797	705,992	6,512,562
1937	878,443	19,578	858,865	7,371,427
1938	903,701	16,064	887,637	8,259,064
1939	1,095,123	14,483	1,080,640	9,339,704
1940	902,885	148,128	754,757	10,094,461
	$11,069,725	$975,264	$10,094,461	$10,094,461

Note: Amounts marked * and † include accruals and adjustments made through surplus or expense as follows:

*1930 Accrual for amortization of unoperated gas leases	$ 30,963
1931 Accrual for depreciation of Brock Compressing Station	125,750
1934 Accrual for amortization of organization expense	64,871
1935 Accrual for amortization of gas rights	485,175
Total	$706,759
†Accrual of depreciation of main loop lines	$183,165
Adjustment of accrual for automobiles and other plant	(57,959)
Reversal of accruals for depletion	(94,669)
Total	$30,537

The total provisions made for the three reserves and the retirements of investment in plant charged against them, during the period of the company's existence are:

Depreciation, Depletion and Amortization—1926-1940.

Particulars	Total Provision	Total Retirements	Balance in Reserves
Reserve for Depreciation	$ 9,864,696*	$271,338†	$9,593,358
Reserve for Depletion	459,029	8,593	450,436
Reserve for Amortization	746,000	695,333	50,667
Total	$11,069,725	$975,264	$10,094,461

*Includes amortization of rights-of-way and organization expense.
†Includes minor adjustments.

The difference between the amount of retirements charged to the reserves ($975,264) and the amounted credited gas plant accounts ($1,553,735) consists chiefly of retirements charged to Surplus or Expense, and of Salvage.

The balances in the plant accounts and in their respective reserves, and the respective ratio of plant to reserve are as follows:

Utility Plant and Reserves—December 31, 1940.

Particulars	Utility Plant	Reserves	Ratio of Reserves to Plant
Natural Gas Producing Plant:			
Operated Gas Acreage	$ 3,036,606	$ 450,436	14.83%
Unoperated Gas Acreage	135,288	50,667	37.45
Wells, Field Lines, etc.	2,540,701	925,057	36.41
Transmission Plant	14,259,169	8,413,143	59.00
General Plant	426,302	255,158	59.85
Sub-total	$20,398,066	$10,094,461	49.48%
Fee Lands	140,619		
Construction Work in Progress	29,041		
Total	$20,567,726	$10,094,461	49.08%

Depreciation:

Provision for depreciation was made for both the tangible and intangible natural gas production and transmission plant investment. From January 1, 1927 to June 1, 1929, it was computed monthly on the lump sum of $9,000,000 at the rate of 5% per annum; and from June 1, 1929 to December 31, 1940, monthly on the book balances of the plant accounts exclusive of the general plant accounts, at the rate of 5% per annum. From June 1929

on, there were several rates used for general plant, namely, 25% for transportation equipment, and 5 and 4% for structures, and 10 and 5% for communication equipment.

At different times, the company employed different methods of accounting for its realized depreciation on plant retired. From the inception of the company to June 30, 1929, the cost of the plant retired, less salvage, was charged entirely to the reserve for depreciation. After June 30, 1929, the amount charged the reserve was something less than the entire amount of realized depreciation and the portion thereof not debited to reserve was written off to income or surplus. The portion chargeable to the reserve was determined by applying to either original cost or original cost less salvage, of the plant retired, the percentage ratio of the entire balance in the reserve for depreciation to the entire balance in the depreciable plant investment accounts.

Depletion:

Provision for depletion of gas reserves was made at the rate of 3/4¢ per mcf of gas produced, for the period begun February 13, 1926 and ended October 1, 1932; 1/4¢ per mcf for the years 1936, 1937 and 1938, and 3/4¢ per mcf for 1939. No provision was set up for the years 1933, 1934 and 1935. For 1940, the rate of $0.0009146345 per mcf of gas produced was used. This last rate is the quotient of the amount of net investment in "producing gas acreage" divided by the number of mcf in the estimated recoverable gas reserves under that acreage on December 31, 1940. To compute it the company used the net depleted investment and the estimated gas reserves applicable to the gas acreage on which producing wells were located, rather than the total investment and the total estimated recoverable gas reserves applicable to all gas acreage classified on the books by the company as "Operated Gas Acreage".

In 1932 depletion provisions for the period begun February 13, 1926 and ended October 1, 1932 were transferred by the company from the reserve for depletion to earned surplus.

The sole charge against the reserve for depletion is a charge to record the loss through litigation, of part of Parcel 426. Of the total amount of this loss, $8,592, the portion provided for this parcel in the reserve was charged to the reserve, and $63,482 was charged to surplus.

Amortization:

The company has followed the practice of amortizing that portion of the cost of its "Unoperated Gas Acreage" that is covered by leases and rights. The cost of each lease is amortized over the period covered by the lease, and the cost of the rights over a ten-year period, which under Louisiana law is the period of prescription for gas rights. The company amortized leases for the first time in 1930 and gas rights for the first time in 1935. In 1930 it wrote off to surplus the total cost of all leases that had expired to that time and in 1935 charged to surplus the cost of all rights about to expire and credited the amount so charged to a reserve for amortization of unoperated gas rights. In each instance, thenceforth, provision was made annually for the amortization of the cost of unoperated leases and gas rights mainly through charges to operating expenses.

Unoperated gas rights and leases retired and charged the reserve for amortization amount to $695,333 and those retired and charged other accounts amount to $201,868.

In the discussion of depletion and amortization above, the terms Operated Gas Acreage, Unoperated Gas Acreage, and Producing Gas Acreage have been used. They are definable as follows:

Operated Gas Acreage consists of all those tracts of land, the gas rights to which were perpetuated, under Louisiana law, by the drilling of wells.

Producing Gas Acreage is that Operated Gas Acreage which has wells upon it.

Unoperated Gas Acreage consists of all gas acreage not classified as Operated Gas Acreage.

Producing Gas Acreage has been subject to depletion charges in the manner set forth under the caption "Depletion" above; Unoperated Gas Acreage except that held in fee, has been subject to amortization.

Income and Surplus.

Operating Revenues, Operating Revenue Deductions, Net Utility Income, Other Income, Income Deductions, and Net Income transferred to Surplus, for the years 1926 to 1940, inclusive, as shown by the books of the company, are set forth in Schedule 4.

Revenues:

The revenues of the company have been derived mainly from Gas Sales and the Transportation of Gas for Others. Relatively, other income has been minor, consisting chiefly of the loss or gain from the operations of a carbon black plant and a plantation. The carbon black plant was purchased from Union Power Company, Inc., along with gas acreage, and the plantation primarily to obtain right-of-way and a suitable point for crossing the Mississippi River. Other Income also includes miscellaneous rentals and interest.

Gas Sales have grown, irregularly, from $2,915,805 in 1927, the first full year of operations, to $5,361,861 in

1940. Revenue from the Transportation of Gas for Others, first earned in 1928, has been earned every year since that time and in 1940 amounted to $1,106,937.

In 1940 Gas Sales consisted of industrial sales of $3,248,204, sales to pipeline companies for resale of $1,507,017, and other sales for resale of $606,645. Of the company's fifteen industrial customers, the largest was Standard Oil Company of Louisiana, an affiliate, which purchased gas in the amount of $1,817,671. Pipeline company sales were made to three companies: Mississippi River Fuel Company, United Gas Pipe Line Company, and Southern Natural Gas Company. Other sales for resale were made at city gates chiefly in Louisiana, to eighteen customers.

Revenue from the Transportation of Gas for Others arose, except for several hundred dollars thereof each year, from transportation of gas for United Gas Pipe Line Company. Nearly all of this gas was transported through the company's mains that extend from Fowler to Baton Rouge.

The magnitude of the operations from which Interstate earned its revenues, exclusive of the Revenues from the Transportation of Gas for Others, is indicated by the volume of gas produced, purchased, and sold which is set forth in the ensuing tabulation.

Millions of Cubic Feet of Gas Produced, Purchased, and Sold.

Year	Gas Produced	Gas Purchased	Gas Produced and Purchased	Total Sales
1926	5,714		5,714	5,714
1927	791	21,934	22,725	22,838
1928	363	26,919	27,282	27,443
1929	810	27,087	27,897	28,444

Year	Gas Produced	Gas Purchased	Gas Produced and Purchased	Total Sales
1930	1,797	26,613	28,410	29,393
1931	2,091	24,520	26,611	27,470
1932	2,936	19,339	22,275	23,065
1933	2,407	20,509	22,916	23,730
1934	3,436	23,597	27,033	27,662
1935	8,067	26,075	34,142	34,551
1936	12,743	27,999	40,742	41,059
1937	24,235	21,874	46,109	46,596
1938	25,895	20,569	45,964	46,247
1939	30,738	21,342	52,080	52,319
1940	25,787	29,646	55,433	56,230
	147,310	338,023	485,333	492,761

The volume of gas sold exceeds the volume of gas produced and purchased as shown above, for the reason among others, that meter readings in the field are not corrected for temperature changes whereas sales readings are, and for deviations from Boyle's Law.

The volume of gas sold shown above, may be subdivided as follows:

Millions of Cubic Feet of Gas Sold.

Year	Total Sales	Industrial Sales	Pipeline Company Sales for Resale	Other Sales for Resale	Other Sales
1926	5,714	5,714			
1927	22,838	22,437		401	
1928	27,443	26,523	19	895	6
1929	28,444	26,886	452	1,070	36
1930	29,393	22,302	6,096	980	15
1931	27,470	19,885	6,833	745	7
1932	23,065	15,489	6,754	821	1

Year	Total Sales	Industrial Sales	Pipeline Company Sales for Resale	Other Sales for Resale	Other Sales
1933	23,730	15,258	7,756	716	
1934	27,662	16,910	9,931	821	
1935	34,551	19,442	14,212	893	4
1936	41,059	18,801	21,123	1,046	89
1937	46,596	20,865	24,552	1,124	55
1938	46,247	22,534	22,400	1,267	46
1939	52,319	24,607	26,277	1,398	37
1940	56,230	27,721	24,437	3,998	74
	492,761	305,374	170,842	16,175	370

Expenses:

Operating Revenue Deductions for years 1926-1940, inclusive, per books, are set forth in Schedule 5 under six headings, viz: Operating Expenses, Gas purchases, Depreciation and Depletion, Taxes, Delay Rentals, and Amortization of Unoperated Gas Acreage. These deductions have increased from $1,928,423 in 1927, the first full year of operations to $4,430,472 in 1940.

Income Deductions for the years 1926-1940, inclusive, per books are set forth in Schedule 6.

Earned Surplus:

A summary of the Earned Surplus Account for the years ended December 31, 1926 to 1940, inclusive, per books, is set forth in Schedule 3. A reclassification of certain items in this account to income is shown in Schedules 7 and 8. Dividends shown in Schedule 3 of $10,101,301, were all paid in cash.

Washington, D. C., January 23, 1942.

H. F. MAGRUDER,
(H. F. Magruder),
Principal Examiner of Accounts.

VICTOR G. GOUGH,
(Victor G. Gough),
Supervising Examiner.

Approved:

W. E. BAKER,
(W. E. Baker),
Chief Accountant.

CHAS. W. SMITH,
(Chas. W. Smith),
Chief, Bureau of Accounts,
Finance and Rates.

Comparative Condensed Balance Sheets—Per Books December 31, 1926, to December 31, 1940 Inclusive.

December 31 (a)	Assets and Other Debits: Fixed Assets (b)	Investment and Fund Accounts (c)	Current and Accrued Assets (d)	Deferred Debits (e)	Total (f)	Liabilities and Other Credits: Capital Stock (g)	Long Term Debt (h)	Current & Accrued Liabilities (i)	Deferred Credits (j)	Reserves (k)	Surplus (Schedule 3) (l)	Total (m)
1926	$12,781,239	$1,511,140	$2,008,808	$	$16,301,187	$3,011,000	$12,363,500	$ 480,836	$443,589	$ 127,406	$(125,144)	$16,301,187
1927	14,030,844	1,354,181	1,016,114	3,505	16,404,644	3,014,000	11,500,000	565,957	433,370	664,789	226,528	16,404,644
1928	14,340,150	985,928	807,272	4,386	16,137,736	3,014,500	10,222,000	254,162	318,641	1,186,483	1,141,950	16,137,736
1929	17,347,984	1,475,439	1,314,273	12,678	20,150,374	6,521,830	8,944,000	422,429	208,861	1,749,716	2,303,538	20,150,374
1930	17,861,405	1,447,878	821,548	14,209	20,145,040	6,529,530	7,666,000	319,754	134,276	2,417,306	3,078,174	20,145,040
1931	18,092,331	1,427,467	911,496	3,739	20,435,033	6,529,530	6,388,000	610,278	125,316	3,252,230	3,529,679	20,435,033
1932	18,259,594	1,439,595	758,648	1,405	20,459,242	6,529,530	5,110,000	888,251	47,199	4,065,253	3,819,009	20,459,242
1933	18,261,317	1,435,589	1,074,618	8,381	20,779,905	6,529,530	3,832,000	1,468,366	7,785	4,781,550	4,160,674	20,779,905
1934	18,362,807	150,500	841,336	71,709	19,426,352	6,529,530	2,554,000	562,718	.....	5,037,302	4,742,802	19,426,352
1935	18,223,999	152,158	842,014	72	19,218,243	6,529,530	637,000	875,212	.....	5,862,071	5,314,430	19,218,243
1936	18,505,175	150,693	964,810	47	19,620,725	6,529,530	.....	1,111,803	.....	6,568,062	5,411,330	19,620,725
1937	19,473,122	118,542	856,552	596	20,448,812	6,529,530	.....	1,214,858	.....	7,377,293	5,327,131	20,448,812
1938	19,630,735	114,858	1,419,607	1,865	21,167,065	6,529,530	.....	673,332	.....	8,264,916	5,699,287	21,167,065
1939	19,822,661	106,607	2,553,109	59,097	22,541,474	6,529,530	.....	864,838	.....	9,339,704	5,807,602	22,541,474
1940	20,567,726	102,624	2,999,504	77,450	23,747,304	6,529,530	.....	1,249,327	.....	10,094,465	5,873,982	23,747,304

* See Schedule 2.
Parenthesis denote red figures.

Docket G-149. Interstate Natural Gas Company, Incorporated. Schedule 2.

Capital Stock Authorized, Issued and Outstanding December 31, 1940.

Item No. (a)	Particulars (b)	Number of Shares—No Par Value: Initial Issue (c)	Exercise of: Warrants (d)	Exercise of: Rights (e)	Total (f)	Consideration Received: Per Share (g)	Property (h)	Cash (i)	Total (j)
	Authorized:								
1	Capital Stock—non par value April 1, 1926	.....	.....	.....	1,000,000	....	.....	.....	.....
	Stock Option Warrants and Stock Rights to be exercised by —								
2	Bondholders, on or before January 1, 1930—10 shares per each $1,000 bond	.....	115,000	.....	.....	....	.....	.....	.....
3	Stockholders, on or before October 15, 1929—1 share for each 3 shares held	.....	.....	238,333	.....	....	.....	.....	.....
	Issued and Outstanding:								
	1926								
4	Union Power Company, Inc.	100,000	.....	.....	100,000	$ 5.00	$500,000	$.....	$ 500,000
5	Southern Carbon Company	125,000	.....	.....	125,000	5.00	.....	625,000	625,000
6	Standard Oil Company (N. J.)	375,000	.....	.....	375,000	5.00	.....	1,875,000	1,875,000
7	Total of Above	600,000	.....	.....	600,000	$ 5.00	$500,000	$2,500,000	$3,000,000
8	Bondholders	.....	1,100	.....	1,100	10.00	.....	11,000	11,000
9	Total to December 31, 1926	600,000	1,100	.....	601,100	....	$500,000	$2,511,000	$3,011,000
	1927								
10	Bondholders	.....	300	.....	300	$10.00	.....	3,000	3,000
11	Total to December 31, 1927	600,000	1,400	.....	601,400	....	$500,000	$2,514,000	$3,014,000
	1928								
12	Bondholders	.....	50	.....	50	$10.00	.....	500	500
13	Total to December 31, 1928	600,000	1,450	.....	601,450	....	$500,000	$2,514,500	$3,014,500
	1929								
14	Bondholders	.....	112,400	.....	112,400	$10.00	.....	1,124,000	1,124,000
15	Stockholders	.....	.....	238,333	238,333	10.00	.....	2,383,330	2,383,330
16	Total to December 31, 1929	600,000	113,850	238,333	952,183	....	$500,000	$6,021,830	$6,521,830

	1930							
17	Bondholders	.....	770	.....	770	$10.00	.....	7,700	7,700
18	Total Issued and Outstanding December 31, 1930, to December 31, 1940—constant	600,000	114,620	238,333	952,953	....	$500,000	$6,029,330	$6,529,530
19	Originally issued to:								
19	Union Power Company, Inc.	100,000	.....	.....	100,000	$ 5.00	$500,000	$.....	$ 500,000
20	Southern Carbon Company	125,000	.....	41,807	166,807	6.25	.....	1,043,070	1,043,070
21	Standard Oil Company (N. J.)	375,000	10,494	128,772	514,266	6.35	.....	3,267,660	3,267,660
22	Frost Lumber Industries, Inc.	.....	5,000	18,390	23,390	10.00	.....	233,900	233,900
23	American Republics Corporation	.....	4	16,723	16,727	10.00	.....	167,270	167,270
24	Others	.....	99,122	32,641	131,763	10.00	.....	1,317,630	1,317,630
	Total	600,000	114,620	238,333	952,953	....	$500,000	$6,029,530	$6,529,530

Docket G-149. Schedule 3.

Interstate Natural Gas Company, Incorporated.

Summary of Earned Surplus Account—Per Books—Years Ended December 31, 1926 to 1940, Inclusive.

Year (a)	Net Income (Schedule 4) (b)	Direct Surplus Credits (c)	Surplus Deductions		Net Surplus Change For Year (f)	Surplus Balance End of Year (g)
			Dividends Paid (d)	Other (e)		
1926	$(126,826)	$ 1,682	$.....	$.....	$ (125,144)	$ (125,144)
1927	356,430	1,896	.....	8,655	351,671	226,528
1928	869,666	57,853	.....	12,097	915,422	1,141,950
1929	1,184,704	10,962	.....	34,078	1,161,588	2,303,538
1930	1,331,768	41,912	238,238	360,806	774,636	3,078,174
1931	950,558	12,347	238,238	273,162	451,505	3,529,679
1932	494,817	214,241	.....	419,728	289,330	3,819,009
1933	350,395	27,879	.....	36,600	341,665	4,160,674
1934	673,256	32,954	.....	124,082	582,128	4,742,802
1935	1,108,760	3,543	.....	540,675	571,628	5,314,430
1936	1,732,621	31,947	1,667,668	.....	96,900	5,411,330
1937	2,383,513	9,966	2,477,678	.....	(84,199)	5,327,131
1938	2,032,488	7,335	1,667,667	.....	372,156	5,699,287
1939	2,004,683	9,538	1,905,906	.....	108,315	5,807,602
1940	2,041,238	28,073	1,905,906	97,025	66,380	5,873,982
Total	$17,388,071	$494,129	$10,101,301	$1,906,917	$5,873,982	$5,873,982

Parenthesis denote red figures.

Docket G-149. Interstate Natural Gas Company, Incorporated. Schedule 4.

Comparative Condensed Income Accounts—Per Books
Year Ended December 31, 1926, to 1940, Inclusive.

Year (a)	Operating Revenue: Gas Sales (b)	Operating Revenue: Transportation of Gas (c)	Operating Revenue: Other Operating Revenue (d)	Operating Revenue: Total (e)	Operating Revenue Deductions (Schedule 5) (f)	Net Utility Income (g)	Other Income (Net) (h)	Gross Income (i)	Income Deductions (j)	Net Income to Surplus (k)
1926	$ 149,646	$	$	$ 149,646	$ 107,987	$ 41,659	$ 56,918	$ 98,577	$ 225,403	$ (126,826)
1927	2,915,805	.....	.....	2,915,805	1,928,423	987,382	39,624	1,027,006	670,576	356,430
1928	3,686,860	135,869	223	3,822,952	2,360,016	1,462,936	(36,529)	1,426,407	556,741	869,666
1929	3,624,491	707,272	.....	4,331,763	2,613,888	1,717,875	(25,258)	1,692,617	507,913	1,184,704
1930	3,623,527	821,244	2,111	4,446,882	2,696,401	1,750,481	41,862	1,792,343	460,575	1,331,768
1931	3,268,207	742,637	1,658	4,012,502	2,670,016	1,342,486	29,859	1,372,345	421,787	950,558
1932	2,530,789	687,820	1,558	3,220,167	2,386,223	833,944	16,261	850,205	355,388	494,817
1933	2,470,044	674,882	1,613	3,146,539	2,493,047	653,492	13,104	666,596	316,201	350,395
1934	2,983,104	794,094	.....	3,777,198	2,814,857	962,341	(11,552)	950,789	277,533	673,256
1935	3,536,385	1,013,029	153	4,549,567	3,239,694	1,309,873	617	1,310,490	201,730	1,108,760
1936	4,092,927	1,180,847	1,563	5,275,337	3,525,913	1,749,424	2,931	1,752,355	19,734	1,732,621
1937	4,560,744	1,298,049	1,431	5,860,224	3,480,307	2,379,917	3,602	2,383,519	6	2,383,513
1938	4,310,979	1,249,214	1,301	5,561,494	3,529,359	2,032,135	3,096	2,035,231	2,743	2,032,488
1939	4,568,379	1,290,555	1,106	5,860,040	3,863,768	1,996,272	8,411	2,004,683	....	2,004,683
1940	5,361,862	1,106,937	993	6,469,792	4,430,472	2,039,320	10,955	2,050,275	9,037	2,041,238
Total	$51,683,749	$11,702,449	$13,710	$63,399,908	$42,140,371	$21,259,537	$153,901	$21,413,438	$4,025,367	$17,388,071

Parenthesis denote red figures.

Docket G-149. Interstate Natural Gas Company, Incorporated. Schedule 5.

Summary of Operating Revenue Deductions—Per Books—Years Ended December 31, 1926, to December 31, 1940, Inclusive.

Year (a)	Operating Expenses* (b)	Gas Purchased (c)	Depreciation and Depletion (d)	Taxes (e)	Sub-Total (f)	Delay Rentals (g)	Amortization of Unoperated Gas Acreage (h)	Total (i)
1926	$ 32,589	$.....	$ 68,276	$ 7,122	$ 107,987	$.....	$	$ 107,987
1927	422,589	907,277	455,929	137,003	1,922,798	5,625	.....	1,928,423
1928	485,517	1,132,495	454,034	282,983	2,355,029	4,987	.....	2,360,016
1929	604,761	1,194,528	484,911	326,412	2,610,612	3,276	.....	2,613,888
1930	566,169	1,152,886	572,501	393,985	2,685,541	1,105	9,755	2,696,401
1931	598,933	1,110,194	644,693	309,246	2,663,066	1,401	5,549	2,670,016
1932	512,318	828,462	741,411	295,541	2,377,732	2,547	5,944	2,386,223
1933	554,805	919,633	730,384	280,213	2,485,035	2,408	5,604	2,493,047
1934	574,037	1,144,401	739,607	349,334	2,807,379	2,752	4,726	2,814,857
1935	583,421	1,359,631	745,990	492,069	3,181,111	9,176	49,407	3,239,694
1936	579,266	1,487,613	784,356	617,753	3,468,988	9,492	47,433	3,525,913
1937	633,845	1,182,684	833,811	776,027	3,426,367	9,661	44,279	3,480,307
1938	660,394	1,108,556	860,009	847,222	3,476,181	9,486	43,692	3,529,359
1939	705,343	1,148,147	1,051,934	905,195	3,810,619	9,960	43,189	3,863,768
1940	889,972	1,495,635	867,085	1,141,325	4,394,017	655	35,800	4,430,472
Total	$8,403,959	$16,172,142	$10,034,931	$7,161,430	$41,772,462	$72,531	$295,378	$42,140,371

* Except Gas Purchased.

Docket G-149. Schedule 6.

Interstate Natural Gas Company, Incorporated, Income Deductions—Per Books,

Years Ended December 31, 1926 to December 31, 1940, Inclusive.

Year (a)	Interest on Long-Term Debt (b)	Amortization* (c)	Other Interest Charges (d)	Miscellaneous Income Deductions (e)	Total (f)
1926	$248,750	$(23,347)			$225,403
1927	690,000	(46,693)		$27,269	670,576
1928	630,777	(74,036)			556,741
1929	555,810	(63,681)	7,382	8,402	507,913
1930	482,511	(32,319)		10,383	460,575
1931	417,268	(4,738)		9,257	421,787
1932	334,107	12,062		9,219	355,388
1933	255,810	34,794	25,597		316,201
1934	201,415	56,078	20,040		277,533
1935	95,422	95,871	10,437		201,730
1936	19,110		624		19,734
1937			6		6
1938			2,743		2,743
1939					
1940			9,037		9,037
Total	$3,930,980	$(46,009)	$75,866	$64,530	$4,025,367

Parentheses denote red figures.

* Amortization of Expense and Premium on Debt—Net.

Docket G-149. Interstate Natural Gas Company, Incorporated. Schedule 7.

Summary of Net Income and Capital Accounts and Ratio of Net Income to Capital. 1926—1940.

Year (a)	Net Income to Surplus (Schedule 4) (b)	Surplus Items Reclassified to Income (Schedule 5) (c)	Net Income as Classified (d)	Capital Accounts			Ratio of Net Income as Reclassified to Capital Per Cent (h)
				Capital Stock (Schedule 1) (e)	Surplus January 1 (Schedule 1) (f)	Total (g)	
1926	$(126,826)	$(47,477)	$(174,303)	$3,011,000	$.....	$3,011,000	....
1927	356,430	(48,775)	307,655	3,014,000	(125,144)	2,888,856	10.6
1928	869,666	(92,549)	777,117	3,014,500	226,528	3,241,028	23.9
1929	1,184,704	(156,609)	1,028,095	4,768,165*	1,141,950	5,910,115	17.4
1930	1,331,768	(373,499)	958,269	6,529,530	2,303,538	8,833,068	10.8
1931	950,558	(294,574)	655,984	6,529,530	3,078,174	9,607,704	6.8
1932	494,817	(169,068)	325,749	6,529,530	3,529,679	10,059,209	3.2
1933	350,395	(96,547)	253,848	6,529,530	3,819,009	10,348,539	2.5
1934	673,256	(63,275)	609,981	6,529,530	4,160,674	10,690,204	5.7
1935	1,108,760	14,947	1,123,707	6,529,530	4,742,802	11,272,332	10.0
1936	1,732,621	(3,035)	1,729,586	6,529,530	5,314,430	11,843,960	14.6
1937	2,383,513	(8,665)	2,374,848	6,529,530	5,411,330	11,940,860	19.9
1938	2,032,488	(11,462)	2,021,026	6,529,530	5,327,131	11,856,661	17.0
1939	2,004,683	(25,473)	1,979,210	6,529,530	5,699,587	12,228,817	16.2
1940	2,041,238	.....	2,041,238	6,529,530	5,807,602	12,337,132	16.5

* Average of balances:

January 1, 1929	$3,014,500
December 31, 1929	6,521,830

Note: No attempt is made in the above presentation to adjust income for excessive annual accruals for depreciation and depletion nor invested capital for excessive book reserves for depreciation and depletion.

Docket G-140. Interstate Natural Gas Company, Incorporated. Schedule 8.

Summary of Surplus Items Classified to Income.
1926—1940.

		Operating Revenue Deductions					Exploration and Development Amortization of			
Year (a)	Operating Revenues (b)	Operating Expenses (c)	Gas Purchased (d)	Depreciation (e)	Depletion (f)	Taxes (g)	Delay Rentals (h)	Unoperated Acreage (i)	Other Income and Income Deductions (j)	Total (Schedule 7) (k)
1926	$ 76	$ 4,038	$	$ 11,614	$47,743	$ 2,194	$(626)	$(115,795)	$ 3,277	$(47,477)
1927	(573)	14,499	.....	8,256	5,929	3,155	(1,150)	(95,522)	16,631	(48,775)
1928	(6,443)	(10,681)	.....	(13,348)	2,727	(13,746)	....	(74,380)	20,322	(92,549)
1929	8,959	(25,989)	.....	(59,952)	6,075	(12,627)	....	(67,086)	(5,989)	(156,609)
1930	1,678	(23,023)	(24,704)	(146,520)	9,233	5,611	....	(57,350)	(138,424)	(373,499)
1931	(2,182)	(15,708)	(25,795)	(103,067)	11,335	14,059	....	(58,537)	(114,679)	(294,574)
1932	10,829	(43,102)	.....	(9,261)	11,627	17,638	....	(59,479)	(97,320)	(169,068)
1933	(172)	(13,178)	(145)	(9,267)	.....	9,188	....	(59,479)	(23,494)	(96,547)
1934	1	1	.....	.....	.....	2,319	....	(59,479)	(6,117)	(63,275)
1935	....	.....	.....	.....	.....	14,947	....	.....	.....	14,947
1936	....	.....	.....	.....	.....	(3,035)	....	.....	.....	(3,035)
1937	....	.....	.....	.....	.....	(8,665)	....	.....	.....	(8,665)
1938	....	.....	.....	.....	.....	(11,462)	....	.....	.....	(11,462)
1939	....	.....	.....	.....	.....	(25,473)	....	.....	.....	(25,473)
1940	....	.....	.....	.....	.....	.....	....	.....	.....	.....

Parenthesis denote decreases in Net Income.

EX. 57-A.

Docket G-149.

Addenda to a Corporate and Financial History of Interstate Natural Gas Company, Incorporated.

Attached hereto is a computation of the Rate of Return Earned by the company on its net Utility Plant Investment and Estimated Working Capital, for each of the years 1927 to 1941, inclusive.

The net utility plant investment is the average of the opening and closing balances of the company's utility plant accounts for each of the calendar years, less the average of the opening and closing balances of its reserves for depreciation, depletion, and amortization for the respective years, both after the adjustment for items applicable thereto which the company had entered in its Earned Surplus Account. The extent of the adjustments to "Utility Plant" is minor, and effects only the years 1927 to 1934, inclusive, there being no adjustment for any year subsequent to 1934. They are shown on lines 2 and 5.

Estimated Working Capital of $348,089 is the amount determined in another study to be appropriate as working capital for the purpose of this case.

Net Utility Income is the net utility income shown by the company's books after apply items pertinent to income which are entered in the Earned Surplus Account. However, no items in the 1941 Earned Surplus have been applied.

The division of the amount of Net Utility Income as defined above by the sum of the amounts of Adjusted Average Net Utility Plant Investment and Estimated Working Capital gives the rate of return earned. This rate is shown for each year on line 21. It ranges from a low of 4.07% in 1933, to a high of 19.72% in 1941.

Since its inception, Interstate Natural Gas Company Incorporated, has paid dividends as follows:

Dividends—1926-1941.

Year	Amount	Per Share
1930	$ 238,238	$ .25
1931	238,238	.25
1936	1,667,667	1.75
1937	2,477,678	2.60
1938	1,667,668	1.75
1939	1,905,906	2.00
1940	1,905,906	2.00
1941*	.....	2.20

* According to Moody's Public Utility Manual, Interstate Natural Gas Company, Incorporated, declared two dividends in 1941 of $1.00 and $1.20 per share respectively.

Docket G-149

Interstate Natural Gas Company, Inc.

COMPUTATION OF RETURN EARNED ON AVERAGE NET UTILITY PLANT INVESTMENT AND ESTIMATED WORKING CAPITAL - PER BOOKS
AFTER RECLASSIFYING COMPANY'S SURPLUS ADJUSTMENTS TO THE YEARS AFFECTED

For the Years Ended December 31

Item No.	Particulars	1927	1928	1929	1930	1931	1932	1933
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Utility Plant at beginning of year -	$ 13,781,239.28	$ 14,080,844.28	$ 14,340,150.20	$ 17,547,963.71	$ 17,861,406.17	$ 18,092,330.97	$ 18,259,594.44
2	Examiners' application of Company's Surplus Adjustments to the years affected	4,324.62	4,139.62	(1,586.74)	(11,456.19)	(16,932.68)	(27,122.03)	(65,619.47)
3	Total - as Adjusted	13,785,563.87	14,084,983.87	14,338,563.46	17,536,507.52	17,844,473.49	18,065,208.94	18,193,974.97
4	Utility Plant at end of year	14,080,844.28	14,340,150.20	17,547,963.71	17,861,406.17	18,092,330.97	18,259,594.44	18,261,817.21
5	Examiners' application of Company's Surplus Adjustments to the years affected	4,139.62	(1,586.74)	(11,456.19)	(16,932.68)	(27,122.03)	(65,619.47)	(64,906.12)
6	Total - as Adjusted	14,084,983.87	14,338,563.46	17,536,507.52	17,844,473.49	18,065,208.94	18,193,974.97	18,196,910.09
7	Total - Items 3 and 6	28,870,547.74	28,423,547.33	31,875,068.98	35,380,980.01	35,909,681.43	36,259,183.91	36,390,884.06
8	Average Total Utility Plant - as Adjusted	14,410,273.87	14,186,773.67	15,937,544.49	17,690,490.01	17,954,840.72	18,134,591.96	18,200,192.03
9	Depreciation, Depletion and Amortization Reserves at beginning of year -	67,384.62	518,681.87	963,806.88	1,430,699.85	2,011,617.97	2,760,428.57	3,542,654.40
10	Examiners' application of Company's Surplus Adjustments to the years affected	55,956.25	131,207.14	308,030.30	322,511.11	354,562.12	370,797.91	368,187.09
11	Total - as Adjusted	123,340.87	650,889.01	1,271,837.18	1,753,210.96	2,366,180.09	3,131,226.48	3,910,841.49
12	Depreciation, Depletion and Amortization Reserves at end of year -	518,681.87	963,806.88	1,430,699.85	2,011,617.97	2,760,428.57	3,542,654.40	4,288,981.84
13	Examiners' application of Company's Surplus Adjustments to the years affected	131,207.14	308,030.30	322,511.11	354,562.12	370,797.91	368,187.09	425,696.25
14	Total - as Adjusted	650,889.01	1,271,837.18	1,753,210.96	2,366,180.09	3,131,226.48	3,910,841.49	4,714,678.09
15	Total - Items 11 and 14	773,029.88	1,921,727.19	3,024,910.14	4,119,391.05	5,497,406.57	7,042,067.97	8,625,519.58
16	Average Total Depreciation, Depletion and Amortization Reserves - as Adjusted	386,514.93	960,863.59	1,512,455.07	2,059,695.52	2,748,703.28	3,521,033.98	4,312,759.79
17	Average Net Utility Plant - Item 8 Minus Item 16	13,023,759.94	13,780,709.88	14,380,119.43	15,630,794.49	15,206,089.23	14,613,558.57	13,887,432.24
18	Estimated Working Capital	348,089.00	348,089.00	348,089.00	348,089.00	348,089.00	348,089.00	348,089.00
19	Average Net Utility Plant plus Estimated Working Capital - Items 17 and 18	13,371,848.94	13,828,798.88	14,728,208.43	15,978,792.49	15,554,178.23	14,961,648.57	14,235,521.24
20	Net Utility Income after Examiners' application of Company's Surplus Adjustments to the years affected-Schedule 5 Item 18	$ 921,975.46	$ 1,340,064.91	$ 1,367,264.70	$ 1,515,406.14	$ 1,182,590.24	$ 762,105.23	$ 580,426.69
21	Return Earned on Average Net Utility Plant Investment and Estimated Working Capital	6.90%	9.69%	9.28%	9.48%	7.60%	5.09%	4.07%

Docket G-140

Interstate Natural Gas Company, Inc.

COMPUTATION OF RETURN EARNED ON AVERAGE NET UTILITY PLANT INVESTMENT AND ESTIMATED WORKING CAPITAL - PER BOOKS
AFTER RECLASSIFYING COMPANY'S SURPLUS ADJUSTMENTS TO THE YEARS AFFECTED

For the Years Ended December 31

Item No.	Particulars	1934	1935	1936	1937	1938	1939	1940	1941
(a)	(b)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1	Utility Plant at beginning of year -	$ 10,261,217.21	$ 10,268,807.34	$ 10,233,699.34	$ 10,808,174.70	$ 10,473,122.34	$ 10,830,734.55	$ 10,822,861.39	$80,547,725.62
2	Examiners' application of Company's Surplus Adjustments to the years affected	(24,056.13)							
3	Total - as Adjusted	10,237,161.08	10,268,807.34	10,233,699.34	10,808,174.70	10,473,122.34	10,830,734.55	10,822,861.39	80,547,725.62
4	Utility Plant at end of year	10,268,807.34	10,233,699.34	10,808,174.70	10,473,122.34	10,830,734.55	10,822,861.39	20,547,725.62	80,906,190.59
5	Examiners' application of Company's Surplus Adjustments to the years affected								
6	Total - as Adjusted	10,268,807.34	10,233,699.34	10,808,174.70	10,473,122.34	10,830,734.55	10,822,861.39	20,547,725.62	80,906,190.59
7	Total - Items 3 and 6	20,505,968.42	20,502,506.68	21,041,874.04	21,281,297.04	21,303,856.89	21,653,595.94	41,370,587.01	161,453,916.21
8	Average Total Utility Plant - as Adjusted	10,252,984.17	10,251,253.34	10,520,937.02	10,640,648.52	10,651,928.45	10,826,797.97	20,685,293.50	80,726,958.09
9	Depreciation, Depletion and Amortization Reserves at beginning of year -	4,250,342.94	4,887,302.32	5,308,970.77	5,312,982.38	7,371,627.34	8,250,084.12	9,339,705.98	10,094,480.98
10	Examiners' application of Company's Surplus Adjustments to the years affected	125,695.38	668,175.55						
11	Total - as Adjusted	4,376,038.32	5,555,477.87	5,308,970.77	5,312,982.38	7,371,627.34	8,250,084.12	9,339,705.98	10,094,480.98
12	Depreciation, Depletion and Amortization Reserves at end of year -	4,887,302.32	5,308,970.77	5,312,982.38	7,371,627.34	8,250,084.12	9,339,705.98	10,094,480.98	10,981,780.21
13	Examiners' application of Company's Surplus Adjustments to the years affected	668,175.55							
14	Total - as Adjusted	5,555,477.87	5,308,970.77	5,312,982.38	7,371,627.34	8,250,084.12	9,339,705.98	10,094,480.98	10,981,780.21
15	Total - Items 11 and 14	10,931,516.19	10,864,448.64	10,621,953.15	12,684,609.72	15,621,711.46	17,590,790.10	19,434,186.96	21,076,261.19
16	Average Total Depreciation, Depletion and Amortization Reserves - as Adjusted	5,465,758.09	5,432,224.32	5,310,976.58	6,342,304.73	7,810,855.79	8,795,394.04	9,717,093.47	10,538,020.60
17	Average Net Utility Plant - Item 8 Minus Item 16	13,176,048.14	13,088,879.01	12,209,960.45	12,047,153.77	11,736,882.92	10,827,314.08	10,679,111.04	10,198,971.51
18	Estimated Working Capital	348,089.00	348,089.00	348,089.00	348,089.00	348,089.00	348,089.00	348,089.00	348,089.00
19	Average Net Utility Plant plus Estimated Working Capital - Items 17 and 18	13,524,134.14	13,436,968.01	12,558,049.45	12,395,242.77	12,084,771.92	11,175,403.08	10,858,200.04	10,547,060.51
20	Net Utility Income after Examiners' application of Company's Surplus Adjustments to the years affected-Schedule 2 Item 18	906,102.84	1,324,219.27	1,766,389.97	2,271,281.48	2,020,672.80	1,970,798.96	2,039,220.05	2,079,374.29
21	Return Earned on Average Net Utility Plant Investment and Estimated Working Capital	6.69%	10.21%	14.11%	18.33%	16.72%	17.64%	18.84%	19.72%

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EXHIBIT No. 59.

Witness .....

Federal Power Commission.

Docket No. G-149.

In Re: Interstate Natural Gas Company, Incorporated.

Depreciation and Depletion
1926-1940.

Federal Power Commission, Docket No. ..... Exhibit No. 59 (For Identification). Date Identified 6/19/42.

Federal Power Commission Docket No. G-132, et al. Hearing Ex. No. 59, 6/19/42.

Bureau of Accounts, Finance and Rates.
Division of Accounts.

Docket G-149.

Interstate Natural Gas Company, Incorporated.

Depreciation and Depletion
For the Years 1926-1940.

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Depreciation and Depletion.

Under date of December 5, 1939, the Federal Power Commission issued an order of investigation into and concerning all rates, charges, classifications, rules, regulations, practices or contracts of Interstate Natural Gas Company, Incorporated, and pursuant thereto an examination of that Company's accounts and records, including its Reserves for Depreciation and Depletion, was undertaken. These Reserves were examined for the period begun with the inception of the Company in 1926, and ended December 31, 1940, and they are the subject of this report.

In the report, the bases used by the Company in accruing provisions and charging retirements are pointed out; provisions for depreciation and depletion computed at rates established by means of service life and gas reserve studies are substituted for the provisions made by the Company; and charges to the reserves as they appear on the books are adjusted to the full amount of the depreciation and depletion realized on plant that has been retired. The substitutions and adjustments accomplish the primary purposes of the report which are to present the proper annual provisions for depreciation and depletion

and the proper requirements both for depreciation and depletion at December 31, 1940.

The report contains fourteen schedules, of which the first eleven relate to depreciation and the last three to depletion. The schedules are followed by Appendices 1 and 2 relating to depletion and, by examiners' journal entries. The entries reverse the Company's provisions, substitute for them the provisions computed by the examiners, and adjust the amounts charged by the Company to the reserves. The entries carry their own explanations.

Reserve for Depreciation.

The balance in the Reserve for Depreciation as adjusted at December 31, 1940, is $5,329,657.69—Schedule 1, and the balance in the Reserve per books as of that date is $9,469,134.04—Schedule 2. The difference in these amounts is explainable as follows:

	Per Books	As Adjusted	Difference
Provisions 1926-40	$9,647,194.54	$5,554,448.92	$4,092,745.62
Charges 1926-40	178,060.50	224,791.23	(46,730.73)
Balance—Dec. 31, 1940	$9,469,134.04	$5,329,657.69	$4,139,476.35

It may be traced to examiners' journal entries through the medium of Schedule 3, which is a summary of those entries.

The Reserve per books at December 31, 1940, does not include the Company's Reserve for Amortization of Rights-of-Way amounting to $124,223.80; however, Rights-of-Way investment has been included in the depreciation base in computing the adjusted depreciation provision, and the Company's Reserve therefor written off.

Provisions for Depreciation.

Company's Provisions: From the time of its inception in 1926 to December 31, 1940, the Company made provision in its Reserve for Depreciation, in the total amount of $9,647,194.54, by accruing annual provisions on the several classes of property at the following rates:

Description	Rates in Per Cent				
	1926	1927 1929	1929 1931	1932	1933 1940
Natural Gas Production Plant:					
Gas Wells	6.65	5	5	5	5
Field Lines	9.93	5	5	5	5
Measuring Stations	20.00	5	5	5	5
Transmission Plant:					
Compressing Stations	...	5	5	5	5
Main Lines	...	5	5	5	5
Other Structures and Equipment	...	5	5	5	5
General Plant:					
Structures	...	..	5	4	4
Office Equipment	...	..	7.5	10	10
Telephone Lines	9.83	..	10	5	5
Transportation Equipment	...	..	25	25	25
Warehouse Equipment	...	..	10	10	10
Other Equipment	...	..	20	20	20

The Reserve for Depreciation has been built up entirely from these provisions; it has never been increased as the result of a plant-acquisition transaction.

Examiner's' Allowance: In place of the provision for depreciation made by the Company a provision requirement for each year, from 1926 to 1940, inclusive, based on rates and information developed and furnished by Mr. Paul C. White of the Commission's Division of Rates and Research, has been computed.

That part of the depreciation provision which was made for plant represented by the accounts listed below is based on rates developed by Mr. White through service life studies:

Account No.	Account Name	Rate Per Cent
	Natural Gas Production Plant:	
330.4	Rights-of-Way—F-300 group	2.86
333.1	Field Lines—F-300 group	2.86
333.22	Measuring Station Equipment—F-300 group	2.86
331.22	Measuring Station Structures—F-300 group	2.86
	Transmission Plant:	
351.2	Land Rights or Rights-of-Way	2.86
352.1	Pumping Station Structures	2.86
352.2	Measuring and Regulating Station Structures	2.86
352.3	Other Transmission System Structures	2.86
353	Mains	2.86
354.1	Pumping Station Equipment	2.86
354.2	Measuring and Regulating Station Equipment	2.86
354.3	Other Transmission System Equipment	2.86
353	Gulf Natural Gas Corporation Pipe Line—purchased	2.86
	Construction Overheads	2.86
	General Plant:	
371	Structures and Improvements	2.86
372	Office Furniture and Equipment	5
373	Transportation Equipment	28.57
374	Stores Equipment	6.67
376	Laboratory Equipment	4
377	Tools and Work Equipment	5
378	Communication Equipment	4
379	Miscellaneous Equipment	5
	Construction Overheads	4

That part of the depreciation provision for plant represented by the following accounts is based on rates developed by the examiners from Mr. White's depletion studies:

Natural Gas Production Plant.

Account No.	Account Name
330.4	Rights-of-Way.
331.22	Field Measuring and Regulating Station Structures.
333.22	Field Measuring and Regulating Station Equipment.
331.3	Other Production System Structures.
332.12	Producing Gas Wells—Construction and Equipment.
333.1	Field Lines—Construction and Equipment.
	Construction Overheads.

The rates based on service life are constant for the entire 1926-40 period, and the rates based on depletion vary from year to year. The reason of the variableness of the latter rates and the manner in which they were developed is explained in the section of this report next below. For each of the fifteen years in the 1926-40 period, these latter rates were as follows:

Year	Per Cent	Year	Per Cent
1926	0.736688	1934	0.372130
1927	0.108943	1935	0.860209
1928	0.046011	1936	1.371680
1929	0.135047	1937	2.586466
1930	0.275179	1938	2.768430
1931	0.352579	1939	3.432768
1932	0.361395	1940	2.919507
1933	0.261149		

The provisions for depreciation made by the Company, including the examiners' reclassifications and adjustments thereof as between years, are reversed in Journal Entry 405. The examiners' substitute provisions are made in Journal Entry 407.

The provision allowed by the examiners for each plant account in each year is the product of the average of the opening and closing balances in the plant account as adjusted, multiplied by the depreciation rate ascribed to that account.

The provision for depreciation for Production, Transmission and General Plant as determined by the examiners, is shown year for year in Schedule 4. The break-down of those provisions for each of the three functional divisions of plant by accounts is shown in Schedules 5, 6 and 7.

Charges to Reserve:

Company's Charges: At different times, the Company employed different methods of accounting for its realized depreciation on plant retired. From the time of the Company's inception to June 30, 1929, the cost of the plant retired, less salvage, was charged entirely to the reserve for depreciation. After June 30, 1929, the amount charged the reserve was something less than the entire amount of realized depreciation and the portion thereof not debited to reserve was written off to income or surplus. The portion chargeable to the reserve was determined by applying to either original cost or original cost less salvage, of the plant retired, the percentage ratio of the entire balance in the reserve for depreciation to the entire balance in the depreciable plant investment accounts.

Examiners' Adjustments: The examiners' adjustments of charges to the Reserve for Depreciation were effected by means of a number of journal entries which are briefly described in Schedule 3; they were made to adjust the charges as shown on the books, to the full amount of realized depreciation on plant retired.

Schedule 8 shows the realized depreciation on Production, Transmission and General Plant, as adjusted by years.

Provisions and Charges for 1939 and 1940:

Provisions and charges to the Reserve for Depreciation of Gas Plant as adjusted, for the years 1938, 1939 and 1940, are shown by the primary accounts in Schedules A-A, 9-B and 9-C, respectively.

Reserve for Depletion.

The balance in the Reserve for Depletion as adjusted at December 31, 1940, is $437,108.07—Schedule 10, and the balance in the Reserve per books as of that date, is $450,435.94—Schedule 11. The difference between these amounts is explainable as follows:

	Per Books	As Adjusted	Difference
Provisions 1926-40	$459,028.55	$469,399.13	$10,370.58
Charges 1926-40	8,592.61	32,291.06	(23,698.45)
Balance—Dec. 31, 1940	$450,435.94	$437,108.07	$13,327.87

It may be traced to examiners' journal entries, through the medium of Schedule 12, which is a summary of those entries.

Provisions for Depletion.

Company's Provisions: From the time of its inception in 1926 to December 31, 1940, the Company made provision in its Reserve for Depletion to cover the exhaustion of its gas reserves, in the total amount of 459,028.55, by accruing annual provisions as follows:

Rates applied to annual mcf of gas produced:

1926	3/4¢	1934	....
1927	3/4¢	1935	....
1928	3/4¢	1936	1/4¢
1929	3/4¢	1937	1/4¢
1930	3/4¢	1938	1/4¢
1931	3/4¢	1939	3/4¢
1932	3/4¢	1940	.0009146345
1933			

The Reserve for Depletion has been built up entirely from provisions and, from transfers of accrued amortization from the Company's Reserve for Amortization of Unoperated Gas Acreage; it has never been increased as the result of a plant-acquisition transaction.

Examiners' Allowance: In place of the provision for depletion made by the Company a provision requirement for each year, from 1926 to 1940, inclusive, derived from the number of annual production and the number of mcf of gas reserves as determined and furnished by Mr. Paul C. White of the Commission's Division of Rates and Research has been substituted. It was developed by using the following formula:

$$\left(\begin{array}{c}\text{Adjusted Cost of Operating}\\ \text{Gas Acreage at December 31)}\end{array}\right) - \left(\begin{array}{c}\text{Adjusted accumulated}\\ \text{(Depletion Reserve at Dec.}\\ \text{31, before provision for}\\ \text{current year}\end{array}\right) = \text{Depletion Base}$$

$$\text{Depletion Base} \times \frac{\left(\begin{array}{c}\text{Mcf of Annual Production}\end{array}\right)}{\left(\begin{array}{c}\text{Mcf of Gas Reserve at Dec.}\\ \text{31, before deductions for}\\ \text{present year's production}\end{array}\right)} = \text{Annual Depletion Provision}$$

The examiners' computation of the depletion and depreciation factors, based on the above formula, for the 1926-40 period, is shown by Appendix 1. The application of the factors to the depletion bases, and the resulting provisions, is shown by Appendix 2.

Charges to Reserve:

Company's Charges: The sole charge against the Reserve for Depletion is a charge to record the loss through litigation, of part of Parcel 426. Of the total amount of this loss, $8,592.00 was charged to the Reserve.

Examiners' Adjustment: The examiners' adjustment of charges to the Reserve for Depletion is shown in Journal Entry AS-177, which increased the amount shown on the books to the proper realized depletion.

Washington, D. C., February 26, 1942.

F. H. MAGRUDER,
(F. H. Magruder),
Principal Examiner of Accounts.

VICTOR G. GOUGH,
(Victor G. Gough),
Supervising Examiner.

Approved:

W. E. BAKER,
(W. E. Baker),
Chief Accountant.

CHAS. W. SMITH,
(Chas. W. Smith),
Chief, Bureau of Accounts, Finance and Rates.

Docket G-149. Schedule 5.

Provisions for Depreciation of Natural Gas Production Plant.*

As Adjusted by Examiners.

1926—1940.

Year (a)	Balance at December 31: Plant Account As Adjusted (b)	Balance at December 31: Reserve Before Adding Year's Provision (c)	Amount to be Depreciated per Depletion Formula (d)	Depreciation Rate Per Cent** (e)	Annual Depreciation Provision (f)
1926	$ 617,726.67	$(565.75)	$ 618,292.32	0.736688	$ 4,554.89
1927	688,510.63	3,989.14	684,521.49	0.100943	690.99
1928	707,932.98	4,560.09	703,372.89	0.046011	323.62
1929	1,043,167.99	3,618.36	1,039,549.63	0.135047	1,403.87
1930	1,263,880.35	4,236.26	1,259,644.09	0.275179	3,466.28
1931	1,289,242.32	5,958.65	1,283,283.67	0.352579	4,524.59
1932	1,310,656.88	8,617.92	1,302,038.96	0.361395	4,705.48
1933	1,310,976.24	12,383.09	1,298,593.15	0.261149	3,391.26
1934	1,300,441.38	7,866.50	1,292,574.88	0.372130	4,810.05
1935	1,419,251.78	10,492.12	1,408,759.66	0.860209	12,118.27
1936	1,768,379.99	17,546.62	1,750,833.37	1.371680	24,015.82
1937	2,016,706.26	33,736.52	1,982,969.74	2.586466	51,288.85
1938	2,161,471.71	83,276.21	2,078,195.50	2.768430	57,533.39
1939	2,242,464.06	140,429.33	2,102,034.73	3.432768	73,118.82***
1940	2,464,789.20	212,026.64	2,252,762.56	2.919507	69,164.24***
			Total		$315,110.42

* Includes the following accounts:
330.4 Rights-of-Way.
331.22 Field Measuring and Regulating Station Structures.
331.3 Other Production System Structures.
332.12 Producing Gas Wells.
333.1 Field Lines.
333.22 Field Measuring and Regulating Station Equipment Construction Overheads.
Does not include Natural Gas Producing Lands and Leaseholds, nor Natural Gas rights, which are provided for through the Reserve for Depletion.

** Provisions for depreciation of Natural Gas Production Plant, except as indicated in note (***) below, is computed at the rate and according to the formula used for computing depletion provisions for the three natural gas producing acreage accounts named above.

*** Includes provisions of $960.81 in 1939, and $3,394.67 in 1940 for depreciation of the F-300 group of field lines South of Baton Rouge, computed at the Transmission Plant rate of 2.86%.

Docket G-149. Schedule 10.

Interstate Natural Gas Company, Incorporated.

Reserve for Depletion as Adjusted by Examiners.
1926—1940.

Year	Provisions	Realized Depletion	Net Increase	Balance December 31
1926	$ 17,458.74	$.....	$ 17,458.74	$17,458.74
1927	2,427.61	.....	2,427.61	19,886.35
1928	1,122.64	.....	1,122.64	21,008.99
1929	3,927.93	.....	3,927.93	24,936.92
1930	8,105.09	.....	8,105.09	33,042.01
1931	10,401.24	32,291.06	(21,889.82)	11,152.19
1932	10,599.83	.....	10,599.83	21,752.02
1933	7,631.90	.....	7,631.90	29,383.92
1934	10,857.33	.....	10,857.33	40,241.25
1935	25,477.12	.....	25,477.12	65,718.37
1936	40,416.41	.....	40,416.41	106,134.78
1937	75,728.35	.....	75,728.35	181,863.13
1938	79,162.62	.....	79,162.62	261,025.75
1939	95,669.14	.....	95,669.14	356,694.89
1940	80,413.18	.....	80,413.18	437,108.07
Total	$469,399.13	$32,291.06	$437,108.07	

Docket G-149. Schedule 11.

Interstate Natural Gas Company, Incorporated.

Reserve for Depletion Per Books.

1926—1940.

Year (a)	Provisions (b)	Transfers from Amortization Reserve (c)	Total (d)	Retirements (e)	Net Increase (f)	Balance December 31 (g)
1926	$ 47,743.00	$	$ 47,743.00	$	$ 47,743.00	$47,743.00
1927	5,929.13		5,929.13		5,929.13	53,672.13
1928	2,727.14		2,727.14		2,727.14	56,399.27
1929	6,075.15		6,075.15		6,075.15	62,474.12
1930	13,478.14		13,478.14		13,478.14	75,952.56
1931	15,681.98		15,681.98		15,681.98	91,634.54
1932	(83,041.93)		(83,041.93)	8,592.61	(91,634.54)	
1933						
1934						
1935						
1936	31,857.83	6,760.55	38,618.38		38,618.38	38,618.38
1937	50,201.68	10,549.95	60,751.63		60,751.63	99,370.01
1938	48,740.97	2,278.05	51,019.02		51,019.02	150,389.03
1939	230,532.69	5,638.30	236,170.99		236,170.99	386,560.02
1940	23,585.97	40,289.95	63,875.92		63,875.92	450,435.94
Total	$393,511.75	$65,516.80	$459,028.55	$8,592.61	$450,435.94	

Docket G-149. Schedule 10.

Interstate Natural Gas Company, Incorporated.

Reserve for Depletion as Adjusted by Examiners.

1926—1940.

Year	Provisions	Realized Depletion	Net Increase	Balance December 31
1926	$ 17,458.74	$.....	$ 17,458.74	$17,458.74
1927	2,427.61	.....	2,427.61	19,886.35
1928	1,122.64	.....	1,122.64	21,008.99
1929	3,927.93	.....	3,927.93	24,936.92
1930	8,105.09	.....	8,105.09	33,042.01
1931	10,401.24	32,291.06	(21,889.82)	11,152.19
1932	10,599.83	.....	10,599.83	21,752.02
1933	7,631.90	.....	7,631.90	29,383.92
1934	10,857.33	.....	10,857.33	40,241.25
1935	25,477.12	.....	25,477.12	65,718.37
1936	40,416.41	.....	40,416.41	106,134.78
1937	75,728.35	.....	75,728.35	181,863.13
1938	79,162.62	.....	79,162.62	261,025.75
1939	95,669.14	.....	95,669.14	356,694.89
1940	80,413.18	.....	80,413.18	437,108.07
Total	$469,399.13	$32,291.06	$437,108.07	

Docket G-149. Schedule 11.

Interstate Natural Gas Company, Incorporated.

Reserve for Depletion Per Books.

1926—1940.

Year (a)	Provisions (b)	Transfers from Amortization Reserve (c)	Total (d)	Retirements (e)	Net Increase (f)	Balance December 31 (g)
1926	$ 47,743.00	$.....	$ 47,743.00	$.....	$ 47,743.00	$47,743.00
1927	5,929.13	.....	5,929.13	.....	5,929.13	53,672.13
1928	2,727.14	.....	2,727.14	.....	2,727.14	56,399.27
1929	6,075.15	.....	6,075.15	.....	6,075.15	62,474.12
1930	13,478.14	.....	13,478.14	.....	13,478.14	75,952.56
1931	15,681.98	.....	15,681.98	.....	15,681.98	91,634.54
1932	(83,041.93)	.....	(83,041.93)	8,592.61	(91,634.54)	
1933	.....	.....	.....	.....	.....	
1934	.....	.....	.....	.....	.....	
1935	.....	.....	.....	.....	.....	
1936	31,857.83	6,760.55	38,618.38	.....	38,618.38	38,618.38
1937	50,201.68	10,549.95	60,751.63	.....	60,751.63	99,370.01
1938	48,740.97	2,278.05	51,019.02	.....	51,019.02	150,389.03
1939	230,532.69	5,638.30	236,170.99	.....	236,170.99	386,560.02
1940	23,585.97	40,289.95	63,875.92	.....	63,875.92	450,435.94
Total	$393,511.75	$65,516.80	$459,028.55	$8,592.61	$450,435.94	

Docket G-149. Schedule 12.

Interstate Natural Gas Company, Incorporated.

Summary of Examiners' Adjustments to Reserve for Depletion.

1926—1940.

Entry No. (a)	Particulars (b)	Increase To Reserve (c)	Decrease To Reserve (d)	Net Increase To Reserve (e)
	Provision			
AS-94	To reverse Company's "Income Tax" entry credit-depletion accruals for years 1926-1932 to surplus	$89,784.23	$	$
AP-215	Depletion accruals on property while operated by Edwin S. Hall, as agent for Company	10,351.57		
406	To reverse depletion accruals provided by the Company as reclassified and adjusted by examiners		493,647.55	
408	To set up depletion accruals as computed by examiners—Schedule 10	469,399.13		
502	To reverse the Company's transfer of accrued amortization or unoperated gas leases and rights, made at the time said acreage became operative		65,516.80	
	Total adjustment to Provision	$569,534.93	559,164.35	10,370.58
	Retirements			
AS-177	Loss on retirement of gas lease, lost in litigation, parcel 426, transferred from Surplus		$ 23,698.45	(23,698.45)
	Net adjustment to Reserve for Depletion			$(13,327.87)

Reconciliation—December 31, 1940—

Reserve as adjusted—Schedule 10	$ 437,108.07
Net adjustments—as above	13,327.87
Reserve per books—Schedule 11	$ 450,435.94

Parentheses denote decrease.

Docket G-149. Appendix 1.

Interstate Natural Gas Company, Incorporated.

Natural Gas Production Plant.

Depletion and Depreciation Factors as Computed by Examiners.*

1926—1940.

Year (a)	Recoverable Natural Gas Reserves					Depletion and Depreciation Factors col. e + col. d (g)
	Balance January 1 (b)	Added During Year (c)	Total (d)	Gas Produced During Year (e)	Balance December 31 (f)	
1926	.....	775,687,233	775,687,233	5,714,398	769,972,835	0.736688
1927	769,972,835	13,192,897	783,165,732	790,549	782,375,183	0.100943
1928	782,375,183	7,918,257	790,293,440	363,620	789,929,820	0.046011
1929	789,929,820	122,945,801	912,875,621	1,232,811	911,642,810	0.135047
1930	911,642,810	18,224,765	929,867,575	2,558,803	927,308,772	0.275179
1931	927,308,772	1,038,995	928,347,767	3,273,158	925,074,609	0.352579
1932	925,074,609	.....	925,074,609	3,343,173	921,731,436	0.361395
1933	921,731,436	.....	921,731,436	2,407,090	919,324,346	0.261149
1934	919,324,346	3,934,558	923,258,904	3,435,726	919,823,178	0.372130
1935	919,823,178	18,263,387	938,086,565	8,069,501	930,017,064	0.860209
1936	930,017,064	8,394,124	938,411,188	12,871,998	925,359,190	1.371680
1937	925,539,190	11,745,128	937,284,318	24,242,542	913,041,776	2.586466
1938	913,041,776	4,441,247	917,483,023	25,399,871	892,083,152	2.768430
1939	892,083,152	3,505.396	895,588,548	30,743,475	864,845,073	3.432768
1940	864,845,073	18,611,211	883,456,284	25,792,564	857,663,720	2.919507
Total	12,392,709,244	1,007,902,999	13,400,612,243	150,239,279	13,250,372,964	

* Note: Based on the estimated mcf of natural gas reserves and on the annual mcf of gas prodpction as computed by the Commission's engineers.

Docket G-149. Interstate Natural Gas Company, Incorporated.

Examiner's Computation of Depletion Provisions for Natural Gas Producing Acreage.*

Year (a)	Amount Subject to Depletion—December 31: Per Books (b)	Examiners' Adjustments (c)	As Adjusted (d)	Depletion Reserve December 31 Before Current Year's Provision (e)	Depletion Base (d minus e) (f)	Depletion Factor** (g)	Annual Depletion Provision (f times g) (h)
1926	$ 3,146,209.94	$(776,314.04)	$ 2,369,895.90	$	$ 2,369,895.90	0.736688	$ 17,458.74
1927	3,234,523.94	(812,133.23)	2,422,390.71	17,458.74	2,404,931.97	0.100943	2,427.61
1928	3,322,109.67	(862,276.89)	2,459,832.78	19,886.35	2,439,946.43	0.046011	1,122.64
1929	3,645,217.66	(715,646.84)	2,929,570.82	21,008.99	2,908,561.83	0.135047	3,927.93
1930	2,949,839.84	20,483.48	2,970,323.32	24,936.92	2,945,386.40	0.275179	8,105.09
1931	2,970,030.43	(19,235.49)	2,950,794.94	750.95	2,950,043.99	0.352579	10,401.24
1932	2,981,013.88	(36,829.64)	2,944,184.24	11,152.19	2,933,032.05	0.361395	10,599.83
1933	2,985,413.88	(41,229.64)	2,944,184.24	21,752.02	2,922,432.22	0.261149	7,631.90
1934	2,967,835.28	(20,832.75)	2,947,002.53	29,383.92	2,917,618.61	0.372130	10,857.33
1935	2,966,188.24	35,789.29	3,001,977.53	40,241.25	2,961,736.28	0.860209	25,477.12
1936	2,973,113.05	39,094.84	3,012,207.89	65,718.37	2,946,489.52	1.371680	40,416.41
1937	2,985,204.18	48,800.20	3,034,004.38	106,134.78	2,927,869.60	2.586466	75,728.35
1938	2,987,519.93	53,820.35	3,041,340.28	181,863.13	2,859,477.15	2.768470	79,162.62
1939	2,993,863.20	54,101.16	3,047,964.36	261,025.75	2,786,938.61	3.432768	95,669.14
1940	3,036,606.31	74,429.62	3,111,035.93	356,694.89	2,754,341.04	2.919507	80,413.18
Total	$46,144,689.43	$(2,957,979.58)	$43,186,709.85	$1,158,008.25	$42,028,701.60		$469,399.13

* Includes:
Natural Gas Producing Lands.
Natural Gas Producing Leaseholds—Operated.
Natural Gas Rights—Operated.

** Based on the estimated mcf of natural gas reserves and on the annual mcf of gas production as determined by Commission's engineers.

EX. 60.

Docket G-149.

Interstate Natural Gas Company, Incorporated.
Exploration and Development Costs,
1926-1940.

The Federal Power Commission, under date of December 5, 1939, issued an order of investigation into and concerning all rates, charges, classifications, rules, regulations, practices or contracts of Interstate Natural Gas Company, Incorporated, and pursuant thereto an examination of that Company's accounts and records, including its Exploration and Development Costs, was undertaken.

In this report a summary of the exploration and development costs that have been incurred by the Company from the date of its inception to December 31, 1940, is presented. These costs are shown per the books and as adjusted by the Commission's examiners. The costs as adjusted by the examiners for the period are $627,819 less than as shown by the books. The difference arises chiefly from the examiners' reinstatement of the first cost of gas acreage which had been amortized on the books.

Exploration and development costs as adjusted by the examiners for the 1926-1940 period are set forth in Schedule 1, in the amount of $465,177, and are shown in three classifications: abandoned gas leases and rights, renewal bonuses and delay rentals. Exploration and development costs per the books for the same period are set forth in Schedule 2, and they amount to $1,092,997. They are also given in three classifications, which are accrued amortization of unoperated gas acreage, cost of gas leases and rights written off to surplus and to expense, and delay

rentals. During the fifteen-year period the Company has drilled no dry holes nor has it abandoned or deepened any of its wells.

The reduction of exploration and development costs by $627,819, brought about by the restoration to plant of the first costs of gas leases and rights in substitution for lower renewal costs, affected three accounts in the balance sheet at December, 31, 1940, in the following net amounts:

Gas Plant—		
Increased by first costs of gas leases and rights restored	$607,656	
Less—Renewal bonuses eliminated	96,021	$511,635
Reserve for Amortization—		
Decreased by elimination of book balance		50,667
Reserve for Depletion—		
Decreased by elimination of amortization transferred to Reserve for Depletion		65,517
		$627,819

The restatement of the accounting for exploration and development costs required the preparation of a series of examiners' adjusting entries to reverse the entries made on the Company's books, and to set up the abandonments and renewal bonuses in the years in which actually realized and incurred. The effect of these entries on the book figures is shown in Schedule 3.

The Reserve for Abandoned Leases per the books is set forth in Schedule 4. As the result of restating exploration and development costs, it has been elimniated from the balance sheet.

Examiners' Journal Entries RS-132 and AS-134, and 501 to 505, inclusive, follow Schedule 4. Examiners' Journal Entry AP-216, the only entry affecting exploration and development costs, not shown in this report, is given in the examiners' report on plant accounts.

Washington, D. C., February 25, 1942.

F. H. MAGRUDER,
(F. H. Magruder),
Principal Examiner of
Accounts.

VICTOR G. GOUGH,
(Victor G. Gough),
Supervising Examiner.

Approved:

W. E. BAKER,
(W. E. Baker),
Chief Accountant.

CHAS. W. SMITH,
(Chas. W. Smith),
Chief, Bureau of Accounts,
Finance and Rates.

Docket G-149. Schedule 1.

Interstate Natural Gas Company, Incorporated.

Exploration and Development Costs as Adjusted by Examiners, 1926-1940.

Year (a)	Abandoned Gas Leases and Rights (b)	Renewal Bonuses (c)	Delay Rentals (d)	Total Costs (e)
ING A/c	25.16	25.10	25.10	
FPC A/c	512	510	510	
1926	$ 42,824.53	$	$ 1,775.63	$ 44,600.16
1927	46,842.90	1,205.66	5,624.60	53,673.16
1928	14,734.01	2,303.50	4,987.24	22,024.75
1929	2,876.87		3,276.20	6,153.07
1930	22,608.71	3,202.15	1,104.95	26,915.81
1931	3.93	7,084.75	1,401.05	8,489.73
1932	1,819.19	2,326.28	2,547.34	6,692.81
1933	3,437.77	4,187.95	2,407.59	10,033.31
1934	698.52	603.00	2,752.34	4,053.86
1935	1,570.79	81,694.22	9,176.05	92,441.06
1936	355.13	7,752.63	9,492.04	17,599.80
1937	3,178.51	1,482.50	9,660.84	14,321.85
1938		1,031.25	9,486.09	10,517.34
1939			9,960.09	9,960.09
1940	136,351.27	694.75	655.00	137,701.02
Total	$277,302.13	$113,568.64	$74,307.05	$465,177.82

Exploration and Development Costs, as shown in the Income Statements for 1938, 1939, and 1940, in the examiners' report on income, include reclassifications of "other exploration costs", amounting to $1,773.42, which are not among the costs listed above. These reclassified costs, which cover salaries paid for scouting wildcat wells, are excluded above because data are not available to effect a reclassification for such items in all years.

Docket G—149. Interestate Natural Gas Company, Incorporated. Schedule 2.

Exploration and Development Costs Per Books.
1926—1940.

Year	Amortization Accruals	Book Costs of Gas Acreage Charged Off		Delay Rentals	Total Costs
		To Surplus	To Expense		
(a)	(b)	(c)	(d)	(e)	(f)
ING A/c	25.18	842		25.10	
FPC A/c	512	271		510	
1926	$34,382.55	$.....	$.....	$ 1,775.63	$ 36,158.18
1927	56,312.64	.....	.....	5,624.60	61,937.24
1928	65,088.04	.....	.....	4,987.24	70,075.28
1929	66,812.71	.....	.....	3,276.20	70,088.91
1930	67,929.28	$127,964.86	.....	1,104.95	196,999.09
1931	65,656.03	.....	3.72	1,401.05	67,060.80
1932	65,422.81	.....	.....	2,547.34	67,970.15
1933	65,082.83	.....	126.49	2,407.59	67,616.91
1934	64,205.21	.....	.....	2,752.34	66,957.55
1935	49,406.83	.....	75,161.70	9,176.05	133,744.58
1936	47,433.24	.....	741.01	9,492.04	57,666.29
1937	44,279.08	.....	.....	9,660.84	53,939.92
1938	43,692.15	.....	.....	9,486.09	53,178.24
1939	43,189.08	.....	.....	9,960.09	53,149.17
1940	35,800.36	.....	.....	655.00	36,455.36
Total	$814,692.84	$127,964.86	$76,032.92	$74,307.05	$1,092,997.67

Docket G-149. Interstate Natural Gas Company, Incorporated. Schedule 3.

Reconciliation of Exploration and Development Costs as Adjusted by Examiners with Exploration and Development Costs Per Books. 1926—1940.

Particulars (a)	Per Books (b)	Examiners' Journal Entry Adjustments				As Adjusted (g)
		Debits (c)	Entry No. (d)	Credits (e)	Entry No. (f)	
Exploration and Development Costs						
Amortization of Unoperated Gas Acreage Costs	$ 814,692.84	$		$814,692.84	501	$
Unoperated Gas Acreage Costs charged Surplus	127,964.86			125,087.99	RS-132	
				2,876.87	AS-134	
Unoperated Gas Acreage Costs charged Expense	76,032.92			76,032.92	503	
Delay Rentals	74,307.05					74,307.05
Gas Leases and Rights Abandoned		103,692.16	RS-132			
		2,876.87	AS-134			
		170,733.10	504			277,302.13
Renewal Bonuses		113,568.64	505			113,568.64
Total	1,092,997.67	390,870.77		1,018,690.62		465,177.82
Contra Entries—Balance Sheet Accounts						
Gas Plant in Service—						
Natural Gas Producing Leaseholds—Operating						
Unoperating						
Natural Gas Rights—Operating						
Unoperating		607,656.62	AP-216	96,020.71	AP-216	511,635.91
Reserve for Abandoned Leases		814,692.84	501	65,516.80	502	
				698,508.90	503	50,667.14
Reserve for Amortization and Depletion of Producing Natural Gas Land and Land Rights		65,516.80	502			65,516.80
Earned Surplus		125,087.99	AS-132	511,635.91	AP-216	
				103,692.16	RS-132	
		2,876.87	AS-134	2,876.87	AS-134	
				170,733.10	504	
		774,541.82	503	113,568.64	505	
Total		2,390,372.94		1,762,553.09		627,819.85
Grand Total	$1,092,997.67	$2,781,243.71		$2,781,243.71		$1,092,997.67

Docket G-149. Schedule 4.

Interstate Natural Gas Company, Incorporated.

Reserve for Abandoned Leases Per Books
Accounts: ING 340—FPC 250.3.
1926-1940.

Year (a)	Amortization Accruals (b)	Retirements (c)	Amortization Transferred to Depletion Reserve* (d)	Balance December 31 (e)
1926	$ 34,382.55	$	$	$34,382.55
1927	56,312.64			90,695.19
1928	65,088.04			155,783.23
1929	66,812.71			222,595.94
1930	67,929.28	27,110.11		263,415.11
1931	65,656.03	8,832.83		320,238.31
1932	65,422.81	3,385.68		382,275.44
1933	65,082.83	9,083.10		438,275.17
1934	64,205.21	1,740.24		500,740.14
1935	49,406.83	492,481.94		57,665.03
1936	47,433.24	20,180.17	6,760.55	78,157.55
1937	44,279.08	4,676.49	10,549.95	107,210.19
1938	43,692.15	1,033.50	2,278.05	147,590.79
1939	43,189.08		5,638.30	185,141.57
1940	35,800.36	129,984.84	40,289.95	50,667.14
Total	$814,692.84	$698,508.90	$65,516.80	$50,667.14

* The amounts in this column represent amortization accrued on unoperated gas leases and rights which were transferred on the books to the Depletion Reserve when the lease and rights for whose retirement these amounts had been accumulated became operative.

EXHIBIT No. 62A.

Witness .....

Federal Power Commission.

Docket No. G-149.

In Re: Interstate Natural Gas Company, Incorporated.
Income Accounts.

Reclassified and Adjusted for the Years 1938, 1939, and 1940.

Federal Power Commission. Docket No. G-132-A. Volume I. Hearing Ex. No. 62-A. 6/19/42.

Federal Power Commission. Docket No. ..... Exhibit No. 62-A (for Identification). Date Identified 6/19/42.

Bureau of Accounts, Finance and Rates.
Division of Accounts.

Docket G-149.

Interstate Natural Gas Company, Incorporated.

Income Account.
1938, 1939 and 1940.

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Interstate Natural Gas Company, Incorporated.

Income Accounts
Reclassified and Adjusted for the Years 1938, 1939, and 1940.

The Federal Power Commission, under date of December 5, 1939, issued an order of investigation into and concerning all rates, charges, classifications, rules, regulations, practices or contracts of Interstate Natural Gas Company, Incorporated. Pursuant thereto an examination of the accounts and records of that company was undertaken and a number of reports relative to its plant and operations have been prepared. This is one of those reports.

The subject of this report is the income accounts of Interstate Natural Gas Company, Incorporated, for the years 1938, 1939, and 1940. The report shows these accounts for each of the three years separately, per books and as reclassified and adjusted. It also shows a summary of the reclassifications and adjustments with their respective examiners' journal entry number affixed so that each item is readily traceable to the entry which supports it.

The report is presented in two volumes. In Volume I are thirteen schedules which show the income accounts by primary accounts per the company's books; a summary of the reclassifications and adjustments made by the examiners; and the income accounts by primary accounts after reclassification and adjustment. The schedules show each of the three years' figures separately. Volume II contains fifty-two examiners' reclassifying and adjusting journal entries, thirty-one summaries of those and other journal entries that affect income, and a prefatory explanation of the entries and summaries.

The manner in which the income accounts have been reclassified and adjusted, and in which they are presented in the schedules of the report is discussed immediately below.

The Process of Reclassification and Adjustment:

The process of reclassifying and adjusting the company's income accounts was carried out by the application of two series of journal entries to the amounts in those accounts. The first of these two series known as the reclassification entries, was applied to bring the company's accounts into conformity with the Federal Power Commision's Uniform System of Accounts and the second, known as adjusting entries, was applied to adjust the accounts as reclassified, so that they might set forth true net income. The reclassification entries, which were all made by the examiners, effected no net change in surplus. The adjusting entries, on the other hand, in certain instances do. They effect changes in income, as between the income accounts of one year and another, and as between income accounts and balance sheet accounts. Most of the adjusting entries were made by the examiners in the course of the preparation of this report; several arose in the course of preparation of other reports in the case.

The amounts by which the company's income accounts for each of the three years 1938, 1939, 1940, are affected by reclassification and adjustment are shown in condensed and in detailed form, in the thirteen schedules in Volume I, by classes of revenue and expense. These schedules show the income by primary accounts per the company's books; reclassification and adjustment thereto; and, the income by primary accounts as reclassified and adjusted. The reclassifications and adjustments given in the schedules are as shown in the thirty-one summaries of reclassification and adjustment entries contained in Volume II. In these summaries amounts are keyed to ex-

aminers' journal entries and carry brief descriptions; they include all reclassification and adjustment of income, whether originated in the preparation of this report or in the preparation of other reports in this case. Entries originated in the preparation of this report appear with adequate explanations, in Volume II, behind the summaries.

Utility Income:

The Net Utility Income of Interstate Natural Gas Company, Incorporated, as reclassified and adjusted by the examiners, is shown in the income account for each of the three years, 1938, 1939, and 1940, presented in Schedule 1. It may be summarized as follows:

Net Utility Income.

Particulars	1938	1939	1940
Operating Revenues	$5,579,751	$5,881,558	$6,490,870
Operating Expenses	1,772,842	1,864,164	2,278,169
Depreciation and Depletion	559,606	593,442	583,321
Taxes	851,018	870,981	1,110,913
Non-Recurring Expenses	7,736	17,954	104,987
Total Operating Revenue Deductions	$3,191,202	$3,346,541	$4,077,390
Net Operating Revenue ...	2,388,549	2,535,018	2,413,480
Income from Gas Plant Leased to Others	636	566	643
Utility Income	2,389,185	2,535,584	2,414,123
Exploration and Development Costs	3,809	2,763	138,379
Net Utility Income	$2,385,376	$2,532,821	$2,275,744

The reclassifications and adjustments made by the examiners to develop Net Utility Income as shown above, are summarized in Schedules 2A, 2B, and 2C. Net Utility for the three years is increased by the net amounts of $353,240, $536,548, and $236,424, respectively. Most of the increase consists of adjustments of the depreciation and depletion provisions.

Operating Revenues:

A condensed statement of Operating Revenues as reclassified and adjusted for each of the three years 1938, 1939, and 1940, is presented in Schedule 3 and may be summarized as follows:

Operating Revenues.

Particulars	1938	1939	1940
Gas Service Revenues ..	$4,313,006	$4,571,805	$5,367,065
Other Gas Revenues ...	1,266,745	1,309,754	1,123,805
Total Operating Revenues	$5,579,751	$5,881,559	$6,490,870

Operating Revenues were increased by reclassification and adjustment in each of the three years in the net amounts of $18,257, $21,519, and $21,078, respectively. The increases chiefly affect Other Gas Revenues.

Gas Service Revenues: Gas Service Revenues as per books, the reclassifications and adjustments thereof, and Gas Service Revenues as reclassified and adjusted, are given in Schedules 4A, 4B, and 4C, for the years 1938, 1939, and 1940, respectively. Summarized for each of the three years, they are as follows:

Gas Service Revenues.

Particulars	1938 Amount	% of Total	1939 Amount	% of Total	1940 Amount	% of Total
Industrial Sales	$2,769,791	64	$2,688,111	59	$3,246,777	61
Pipeline Co[illegible] Sales	202,727	28	1,511,991	33	1,513,642	28
Miscellaneous Sales	196		33			
All Other Sales— for Resale	340,292	8	371,670	8	606,645	11
Total Gas Service Revenues	$4,313,006	100	$4,571,805	100	$5,367,064	100

Each of the three schedules gives the names of the customers; the points of delivery; the contract metering base; the revenue per customer; the volume of gas sold, on the contract metering base and as converted to the Louisiana State Uniform Base; and, the average rates per mcf on both the contract basis and on the Louisiana Uniform basis, which is a pressure base of 14.4 lbs. atmospheric pressure plus 10 oz. This latter basis is the basis prescribed by the Department of Conservation of the State of Louisiana as that by which all producers of natural gas in that State shall report their production.

All of the company's gas sales were at rates based upon mcf deliveries; in other words, none of the company's tariffs included demand charges. In 1941, however, an agreement with Southern Natural Gas Company was entered into which provides for a demand charge. In several instances the rates of industrial customers are predicated upon the price of crude oil and accordingly fluctuate daily as the price of crude oil fluctuates. In the case of two customers which operate sugar refineries, the Godchaux Sugars, Inc., and Colonial Sugars Co., the Btu content of gas is a rate factor and several other customers purchase gas under agreements in which it is stipulated that their bills are to be decreased in proportion as the Btu content of gas falls below a stated mini-

mum. The exceptionally large increase in All Other Sales for Resale in 1940 consists of the sale of gas purchased south of New Orleans in conjunction with United Gas Pipe Line Company under an arrangement entered into late in 1939.

The largest industrial customer of Interstate is Standard Oil Company of Louisiana, which in 1940 purchased gas in the amount of $1,817,671. There were fourteen other industrial customers. Analyses of rates for Pipeline Company Sales and All Other Sales for the years 1938, 1939, and 1940, are given in Schedules 5A, 5B, and 5C, and Schedules 6A, 6B, and 6C. Pipeline Company Sales were made during the three-year period to three companies, namely, Mississippi River Fuel Corporation, United Gas Pipe Line Company and Southern Natural Gas Company. Other Sales for Resale were made at City Gates in Louisiana to not more than eighteen customers who distributed gas in that state and to three customers in Mississippi.

Other Gas Revenues: Other Gas Revenues as reclassified and adjusted for each of the three years 1938, 1939, and 1940, are presented in Schedules 7A, 7B, and 7C. More than 98% of this revenue is "Revenue from the Transportation of Gas of Others", nearly all of which arises from the transportation of gas from Fowler to Baton Rouge for United Gas Pipe Line Company. Total revenue of this nature attributable to that Company amounted in 1938, 1939, and 1940 to $1,248,979, $1,289,903, and $1,106,294, respectively.

Other Gas Revenues were increased by reclassification and adjustment in the years 1938, 1939, and 1940, by $17,532, $19,199, and $16,868, respectively. These increases were brought about chiefly by the reclassification of rents collected from employees which the company had classified as Miscellaneous General Operating Charges and Credits.

Operating Expenses:

Operating Expenses as reclassified and adjusted for each of the years 1938, 1939, and 1940 are presented in Schedule 8, and are summarized as follows:

Operating Expenses.

Particulars	1938	1939	1940
Production Expense	$1,140,773	$1,180,645	$1,544,882
Transmission Expenses ..	443,098	477,555	508,787
Uncollectible Account ..	.....	1,025	.....
Administrative and General Expenses	188,971	204,939	224,500
Total Operating Expenses	$1,772,842	$1,864,164	$2,278,169

The amount of these expenses is less than the amount of operating expenses per company's books as shown on Schedules 9A, 9B, and 9C, chiefly because they do not include Depreciation, Depletion, Amortization, and Taxes, which have been reclassified by the examiner as separate items. A comparison of operating expenses per company's books and as reclassified and adjusted is as follows:

Operating Expenses Per Books and as Reclassified and Adjusted.

Particulars	1938 (Schedule 9A)	1939 (Schedule 9B)	1940 (Schedule 9C)
Operating Expenses per books	$3,202,587	$3,538,808	$3,809,367
Less: Depreciation, Depletion, Amortization and Taxes Reclassified ..	1,398,921	1,630,318	1,394,210

Particulars	1938 (Schedule 9A)	1939 (Schedule 9B)	1940 (Schedule 9C)
Operating Expenses per books exclusive of Depreciation, Depletion, Amortization and Taxes	1,803,666	1,908,490	2,415,157
Operating Expenses as reclasified and adjusted	1,772,842	1,864,164	2,278,169
Other Reclassifications & Adjustments	$ 30,824	$ 44,326	$ 136,988

To illustrate the general nature of "Other Reclassifications and Adjustments", four items of the amount shown for 1940, comprising $110,795 of the amount of $136,988 shown, are explained, as follows:

1. *Acidizing Wells:* The cost of acidizing wells, which amounted to $35,500 in 1940, was charged on the books entirely to the operating expenses of that year. Since the benefits to operations of acidizing will extend beyond 1940, these costs have been eliminated from operating expenses and included in Non-Recurring charges in order that an equitable annual allowance may be determined.

2. *Indemnity payable Godchaux Sugars, Inc.:* By the terms of an agreement for the sale of gas to Godchaux Sugars, Inc., which provided that in the event of failure to deliver gas by or not later than October 1, 1939 to that company it should be reimbursed for the cost of fuel oil used by it in lieu of gas in excess of 54¢ a barrel, Interstate was chargeable with a share of the indemnity payable, in the amount of $11,173. The examiner has transferred this amount to Non-recurring Expenses. It is so reclassified not because of its impropriety as an expense,

but in order that it may stand apart for the Commission's attention as an expense not likely to recur.

3. *Contributions to Thrift Fund:* A duplicate accrual for Additional Contributions to Thrift Fund in the amount of $13,097, was charged to Operating Expenses in December, 1940, and an adjustment to correct this bookkeeping error was made.

4. *Regulatory Expense:* Items of regulatory expense, amounting to $9,177, which were charged by the company to operating expense have been transferred to Non-Recurring Expenses.

5. *Deferred Paid Up Annuities:* The purchase of annuities from the Equitable Life Assurance Society in the amount of $41,848.65 has been transferred from Administrative and General Expenses to Non-recurring Expenses. This amount is undertood to represent the final settlement of Interstate's liability resulting from the discontinuance of its "Annuity Plan" on December 31, 1935.

Gas Purchased: Gas Purchases, which comprise the greater part of Operating Expenses, reclassified and adjusted as shown above, are presented in Schedules 10A, 10B, and 10C, for the years 1938, 1939, and 1940. These schedules give the names of the vendors, the points of delivery, the contract metering base, cost, the volume of gas purchased on the contract metering base and on the uniform base, and the average rate of purchase per mcf on both the contract metering base and the uniform base. Most of the gas purchased was obtained from Southern Carbon Company and United Carbon Company.

Gas Well Royalties: Gas well Royalties charged expense for the year 1940, as adjusted, are presented in Schedule 11. This statement shows the names of the

lessors, royalty interest, rates of payment, well numbers, parcel numbers, mcf of gas produced, and royalty expense per books and as adjusted. The information given in the Schedule for 1940 is typical of the entire three years.

Affiliated Company Service Charges: Fees and expenses for management and other services, billed by affiliated companies, which have been included in Operating Expense, in the years 1938, 1939, and 1940, are as follows:

Affiliated Company Service Charges.

Particulars	1938	1939	1940
Gas Companies, Inc.			
Management Fees	$20,400	$20,400	$24,000
Traveling Expenses	1,202	1,206	1,305
Legal Services and Expenses	3,000	4,016	5,000
Proportion of Services Billed by Others	.....	.....	1,598
Standard Oil Co. of N. J.			
Services	2,831	5,626	6,160
Traveling Expenses	.....	135	.....
Peoples Natural Gas Company			
Traveling Expenses	.....	236	.....
Total	$27,433	$31,619	$38,063

No inquiry concerning the cost incurred by affiliates in rendering the services listed above was undertaken.

Depreciation and Depletion:

Depreciation and Depletion are discussed in detail in a separate examiner's report, which sets forth by account the provisions for depreciation and depletion made by the

company and substitute amounts as determined by the examiners. In summary form, these two sets of provisions for the years 1938, 1939, and 1940, are as follows:

Depreciation and Depletion.

	1938	1939	1940
Depreciation:			
Per Books	$811,267	$821,401	$843,498
Examiners	480,443	497,772	502,907
Difference	$330,824	$323,629	$340,591
Depletion:			
Per Books	$ 48,740	$230,532	$ 23,585
Examiners	79,162	95,669	80,413
Difference	$(30,422)	$134,863	$(56,828)
Total Difference	$300,402	$458,492	$283,763

Amortization of right-of-way and easements, which the company classified as operating expenses, is included by the examiner in the depreciation provision.

Taxes:

Taxes as reclassified and adjusted, for the years 1938, 1939, and 1940, in the amounts of $851,018, $870,981, and $1,110,912, respectively, are set forth in Schedule 12, and examiner's reclassifications and adjustments of Taxes for those years are set forth in Schedules 13A, 13B, and 13C. The large debit reclassifications are chiefly amounts transferred from among the expenses shown on Schedules 9A, 9B, and 9C. For the most part, adjustments were made for the purpose of showing in each year the taxes properly related to that year. A summary of the adjustments for the three years is as follows:

Adjustments.

Particulars	Debit	Credit	Net Credit
1938—Schedule 13A	$ 61,761	$ 69,426	$ 7,665
1939—Schedule 13B	38,483	98,170	59,687
1940—Schedule 13C	38,836	69,248	30,412
Total	$139,080	$236,844	$97,764

The net credit adjustment of $97,764 consists of the following, taken from Schedule 25, Volume II;

Net Credit Adjustment of Taxes.

Federal Excess Profits Tax—1938 (Overaccrual)		$ 45,558
Louisiana Income Tax (net transfer to years prior to 1938)		45,608
Franchise Tax (net transfer to years prior to 1938)		33,796
Mechanical Power Tax (net transfer to years prior to 1938)		50,063
		$175,025
Less:		
Natural Gas Sales Tax (transferred to Taxes from Deferred Debits)	$ 51,219	
Severance Tax (transferred to Gas Sales from Taxes)	15,707	
Federal Income Tax (Net adjustment)	12,005	
		$ 78,931
Total of above (Net)		$ 96,094
Other Taxes (Net adjustment)		1,670
Total adjustment (Net)		$ 97,764

Payments made in compliance with the Louisiana Natural Gas Sales Tax Act have been made by the company under protest, on the grounds that the sales upon which those taxes are levied are made in the furtherance of interstate commerce and are therefore, not properly subject to the provisions of the Act. Accordingly, the company has charged these taxes to the Other Deferred Debits Account. The examiner has adjusted taxes for 1938, 1939, and 1940, to include $16,019, $17,751, and $17,447, respectively, payable under the Gas Sales Tax Act because it is believed that these amounts are properly allowable as a revenue deduction until such time as a legal decision favorable to the company is rendered.

As of July 31, 1940, the Louisiana Gas Gathering Tax Act, which provides for the imposition of a tax on all gas gathered in Louisiana, became effective. Pursuant to the provisions of this Act the Interstate Company paid taxes in the net amount of $66,140.

Exploration and Development Costs:

Exploration and development costs are the subject of a separate report in this investigation. In that report the company's procedure and examiner's adjustments are set forth in detail. These costs as adjusted by the examiner are as follows:

Exploration and Development Costs.

	1938	1939	1940
Delay Rentals	$3,017	$2,226	$ 1,584
Abandoned Leases			136,351
Other Exploration Costs	792	537	444
Total	$3,809	$2,763	$138,379

Other Income and Income Deductions:

Other Income consists chiefly of Revenues from Lease of Other Physical Property and Interest, and Income Deductions of Interest Charges and Other Miscellaneous Charges.

Washington, D. C., March 2, 1942.

FRANK C. RIVERS,
(Frank C. Rivers),
Examiner of Accounts.

F. H. MAGRUDER,
(F. H. Magruder),
Principal Examiner of Accounts.

VICTOR G. GOUGH,
(Victor G. Gough),
Supervising Examiner.

Approved:

W. E. BAKER,
(W. E. Baker),
Chief Accountant.

CHAS. W. SMITH,
(Chas. W. Smith),
Chief, Bureau of Accounts,
Finance and Rates.

Docket G-149. Interstate Natural Gas Company, Inc. Schedule No. 1.

Income Accounts as Reclassified and Adjusted for the Years 1938, 1939, and 1940.

Account Number (a)	Description (b)	1938 (c)	1939 (d)	1940 (e)
	I—Utility Income			
501	Operating Revenues	$5,579,751.72	$5,881,559.92	$6,490,870.08
	Operating Revenue Deductions:			
502	Operating Expenses	$1,772,842.40	$1,864,164.61	$2,278,169.53
503.1	Depreciation	480,443.66	497,772.91	502,907.41
503.2	Depletion	79,162.62	95,669.14	80,413.18
507	Taxes	851,018.40	870,981.20	1,110,912.64
	Non-recurring Expenses	7,735.99	17,954.45	104,987.06
	Total Operating Revenue Deductions	$3,191,203.07	$3,346,542.31	$4,077,389.82
	Net Operating Revenues	$2,388,548.65	$2,535,017.61	$2,413,480.26
508	Income from Gas Plant Leased to Others	$ 636.69	$ 566.68	$ 643.04
	Utility Income	$2,389,185.34	$2,535,584.29	$2,414,123.30
	II—Exploration and Development Costs			
510	Delay Rentals	$ 3,017.34	$ 2,226.09	$ 1,583.75
512	Abandoned Leases and Rights	.....	.....	136,351.27
513	Other Exploration Costs	792.01	537.32	444.10
	Total Exploration Costs	$ 3,809.35	$ 2,763.41	$ 138,379.12
	Net Utility Income	$2,385,375.99	$2,532,820.88	$2,275,744.18
	III—Other Income			
522	Revenues from Lease of Other Physical Property	$ 13,458.51	$ 6,094.61	$ 2,600.00
524	Interest Revenues	3,096.13	8,410.76	7,655.31
526	Miscellaneous Nonoperating Revenues	12.79	42.03	40.47
527	Nonoperating Revenue Deductions	(10,724.10)	(2,544.94)	(1,988.94)
	Total Other Income	$ 5,843.33	$ 12,002.46	$ 8,306.84
	Gross Income	$2,391,219.32	$2,544,823.34	$2,284,051.02
	IV—Income Deductions			
535	Other Interest Charges	$ 3,003.71	$ 100.03	$ 29.10
538	Miscellaneous Income Deductions	665.61	4,600.18	1,885.83
	Total Income Deductions	$ 3,669.32	$ 4,700.21	$ 1,914.93
	Net Income	$2,387,550.00	$2,540,123.13	$2,282,136.09

Docket G-149.

Interstate Natural Gas Company, Inc.

Analysis of Rates for Pipeline Company Sales—For Resale
For the Year 1938.

Description (a)	Point of Delivery (b)	Contract Metering Base (c)	Revenue Per Books (d)	Reclassifications Debit (e)	Reclassifications Credit (f)
Domestic and Lost Gas					
Southern Natural Gas Company, Birmingham, Alabama	Compressor Sta., Perryville, La.	14.4 lb. 8 oz.	$ 84,698.40	$	$
Industrial					
United Gas Pipe Line Company (Memphis), Monroe, La.	Compressor Sta., Perryville, La.	14.65 lb. 8 oz.	$ 15,204.80		
Special Industrial and All Other					
Southern Natural Gas Company, Birmingham, Alabama	Compressor Sta., Perryville, La.	14.4 lb. 8 oz.	$169,963.48		
All Other Gas					
Arkansas-Louisiana Gas Co. (La.-Ark. P. L. Co.) Shreveport, La.	Munce Compressor Station, Sterlington, La.	14.4 lb. 8 oz.	$ 21,167.65		
United Gas Pipe Line Co. (Dixie Gulf Gas Co.) Monroe, La.	Munce Compressor Station, Sterlington, La.	14.4 lb. 10 oz.	84,019.90		
Mississippi River Fuel Corp., St. Louis, Mo. (Affiliated)	Comp. Sta., Perryville, La.	14.4 lb. 8 oz.	365,787.16		
United Gas Pipe Line Co. (Memphis Nat. Gas Co.) Monroe, La.	Memphis Comp. Sta., Guthrie, La.	14.65 lb. 8 oz.	201,430.25		
United Gas Pipe Line Co. (Sou. Gas & Fuel Co.) Monroe, La.	DeSiard Comp. Sta., Fowler, La.	14.7 lb. 8 oz.	250,431.15		
Total All Other Gas			$922,836.11		
Severance Taxes					
United Gas Pipe Line Co. (Memphis Nat. Gas Co.) Monroe, La.	Memphis Compressor Station, Guthrie, La.		$ 5,861.56		
Mississippi River Fuel Corp., St. Louis, Mo.	Comp. Sta., Perryville, La.				
Southern Natural Gas Co., Birmingham, Ala.	Comp. Sta., Perryville, La.				
Total Severance Taxes			$ 5,861.56		
Total Pipeland Company Sales—for Resale			$1,198,564.35		

	Reclassified (g)	Adjustments Debit (h)	Adjustments Credit (i)	Adjusted Revenue (j)	M. C. F. Contract Metering Base (k)	M. C. F. Uniform Base 14.4 lb. 10 oz. (l)	Average Rate Per M. C. F.—¢ Contract Metering Base (m)	Average Rate Per M. C. F.—¢ Uniform Base 14.4 lb. 10 oz. (n)
	$ 84,698.40	$.....	$.....	$ 84,698.40	1,045,769	1,037,069	8.1000	8.1671
	$ 15,204.80	.....	.....	$ 15,204.80	304,096	306,626	5.0000	4.9587
	$169,963.48	.....	.....	$169,963.48	4,249,087	4,213,739	4.0000	4.0336
	$ 21,167.65	.....	.....	$ 21,167.65	325,656	322,947	6.5000	6.5545
	84,019.90	.....	.....	84,019.90	1,680,398	1,680,398	5.0000	5.0000
	365,787.16	.....	.....	365,787.16	4,812,989	4,772,950	7.6000	7.6638
	201,430.25	.....	.....	201,430.25	2,938,499	2,962,944	6.8549	6.7983
	250,431.15	.....	.....	250,431.15	7,043,455	7,125,490	3.5555	3.5146
	$922,836.11	.....	.....	$922,836.11	16,800,997	16,864,729	5.4927	5.4720
	$ 5,861.56	.....	$.....	$ 5,861.56	.....	.....	.....	.....
	.....	.....	2,726.19	2,726.19	.....	.....	.....	.....
	.....	.....	1,436.28	1,436.28	.....	.....	.....	.....
	$ 5,861.56	.....	$4,162.47	$ 10,024.03	.....	.....	.....	.....
	$1,198,564.35	$.....	$4,162.47	$1,202,726.82	22,399,949	22,422,163	5.3693	5.3640

Docket G-149.

Interstate Natural Gas Company, Inc.

Analysis of Rates for Pipeline Company Sales—For Resale
For the Year 1939.

Description	Point of Delivery	Contract Metering Base	Revenue Per Books	Reclassifications Debit	Reclassifications Credit
Domestic and Commercial and Lost Gas					
Southern Natural Gas Company, Birmingham, Alabama	Compressor Station, Perryville, Louisiana	14.4 lb. 8 oz.	$ 98,640.08	$.....	$.....
Special Industrial and All Other Gas					
Southern Natural Gas Company, Birmingham, Alabama	Compressor Station, Perryville, Louisiana	14.4 lb. 8 oz.	$273,369.93	$.....	$.....
Industrial Gas					
United Gas Pipe Line Company (Memphis Natural Gas Co.) Monroe, La.	Memphis Compressor Station, Guthrie, Louisiana	14.65 lb. 8 oz.	$ 18,162.30	$.....	$.....
All Other Gas					
United Gas Pipe Line Company (Memphis Natural Gas Co.) Monroe, La.	Memphis Compressor Station, Guthrie, Louisiana	14.65 lb. 8 oz.	$265,762.24	$.....	$.....
United Gas Pipe Line Co. (Southern Natural Gas Co.) Monroe, La.	De Siard Compressor Station, Fowler Louisiana	14.7 lb. 8 oz.	279,563.00	.....	.....
United Gas Pipe Line Co. (Dixie Gulf Gas Company) Monroe, La.	Munce Compressor Station, Sterlington, La.	14.4 lb. 10 oz.	74,515.80	.....	.....
Arkansas-Louisiana Gas Company, Shreveport, Louisiana	Munce Compressor Station, Sterlington, La.	14.4 lb. 8 oz.	20,376.94	.....	.....
Mississippi River Fuel Corporation, St. Louis, Missouri	Compressor Station, Perryville, Louisiana	14.4 lb. 8 oz.	468,552.94	.....	.....
Total All Other Gas			$1,108,770.92	.....	.....
Severance Taxes					
United Gas Pipe Line Company (Memphis Natural Gas Co.) Monroe, La.	Memphis Compressor Station, Guthrie, Louisiana		$ 8,067.71	$.....	$.....
Mississippi River Fuel Corporation, St. Louis, Missouri			.....	.....	.....
Southern Natural Gas Company, Birmingham, Alabama			.....	.....	.....
Total Severance Taxes			$ 8,067.71	.....	.....
Total Pipeland Company Sales—for Resale			$1,507,010.94	$.....	$.....

Schedule No. 5-B.

Reclassified	Adjustments Debit	Adjustments Credit	Adjusted Revenue	M. C. F. Contract Metering Base	M. C. F. Uniform Base 14.4 lb. 10 oz.	Average Rate Per M. C. F.—¢ Contract Metering Base	Average Rate Per M. C. F.—¢ Uniform Base 14.4 lb. 10 oz.
$ 98,640.08	$.....	$.....	$ 98,640.08	1,217,779	1,207,648	8.1000	8.1679
$273,369.93	$.....	$.....	$273,369.93	5,468,695	5,423,201	5.0000	5.0407
$ 18,162.30	$.....	$.....	$ 18,162.30	356,766	359,734	5.0908	5.0488
$265,762.24	$.....	$.....	$265,762.24	3,322,028	3,349,664	8.0000	7.9334
279,563.00	.....	.....	279,563.00	7,987,131	8,080,157	3.5002	3.4599
74,515.80	.....	.....	74,515.80	1,490,316	1,490,316	5.0000	5.0000
20,376.94	.....	.....	20,376.94	313,491	310,883	6.5000	6.5545
468,552.94	599.14	.....	467,962.80	6,120,525	6,069,608	7.6458	7.7100
$1,108,770.92	$590.14	.....	$1,108,180.78	19,233,491	19,300,628	5.7617	5.7417
$ 8,067.71	$.....	$	$ 8,067.71	.....	.....	.....	.....
.....	.....	$3,714.12	3,714.12	.....	.....	.....	.....
.....	.....	1,856.17	1,856.17	.....	.....	.....	.....
$ 8,067.71	.....	$5,570.29	$ 13,638.00	.....	.....	.....	.....
$1,507,010.94	$590.14	$5,570.29	$1,511,991.09	26,276,731	26,291,211	5.7541	5.7509

Docket G-149.

Interstate Natural Gas Company, Inc.

Analysis of Rates for Pipeline Company Sales—For Resale
For the Year 1940.

Description (a)	Point of Delivery (b)	Contract Metering Base (c)	Revenue Per Books (d)	Reclassifications Debit (e)	Reclassifications Credit (f)
Domestic and Commercial Gas					
Mississippi River Fuel Corp., St. Louis, Mo.	Compressor Station, Perryville, La.	14.4 lb. 8 oz.	$ 46,444.29	$	$
Domestic and Commercial and Lost Gas					
Southern Natural Gas Co., Birmingham, Ala.	Compressor Station, Perryville, La.	14.4 lb. 8 oz.	$128,651.43		
Industrial & Special Industrial Gas					
Mississippi River Fuel Corp., St. Louis, Mo.	Compressor Sta., Perryville, La.	14.4 lb. 8 oz.	$509,038.57		
Southern Natural Gas Co., Birmingham, Ala.	Compressor Sta., Perryville, La.	14.4 lb. 8 oz.	338,863.91		
United Gas Pipe Line Co. (Memphis Natural Gas Co.) Monroe, La.	Memphis Compressor Sta., Guthrie, La.	14.65 lb. 8 oz.	13,841.42		
Total Industrial & Spec. Ind. Gas			$866,743.90		
All Other Gas					
United Gas Pipe Line Co. (Memphis Nat. Gas Co.) Monroe, La.	Memphis Compressor Sta., Guthrie, La.	14.65 lb. 8 oz.	$253,570.72		
United Gas Pipe Line Co. (Main Line) Monroe, La.	DeSiard Compressor Sta., Fowler, La.	14.7 lb. 8 oz.	205,281.36		
Total All Other Gas			$458,852.08		
Severance Taxes					
United Gas Pipe Line Co. (Memphis Nat. Gas Co.) Monroe, La.			$ 6,320.34		
Mississippi River Fuel Corp., St. Louis, Mo.					
Southern Natural Gas Co., Inc.					
Total Severance Taxes			$ 6,320.34		
Total Pipeland Company Sales—for Resale			$1,507,012.04		

Schedule No. 5-C.

Reclassified (g)	Adjustments Debit (h)	Adjustments Credit (i)	Adjusted Revenue (j)	M. C. F. Contract Metering Base (k)	M. C. F. Uniform Base 14.4 lb. 10 oz. (l)	Average Rate Per M. C. F.—¢ Contract Metering Base (m)	Average Rate Per M. C. F.—¢ Uniform Base 14.4 lb. 10 oz. (n)
$ 46,444.29	$.....	$.....	$ 46,444.29	611,109	606,026	7.6000	7.6637
$128,651.43	.....	.....	$128,651.43	1,513,546	1,500,955	8.5000	8.5713
$509,038.57	$.....	$ 590.14	$509,628.71	6,395,183	6,341,981	7.9689	8.0358
338,863.91	.....	.....	338,863.91	6,776,589	6,720,214	5.0005	5.0425
18,841.42	.....	.....	18,841.42	283,104	285,459	6.6553	6.6004
$866,743.90	$.....	$ 590.14	$867,334.04	13,454,876	13,347,654	6.4462	6.4980
$253,570.72	$.....	$.....	$253,570.72	3,169,634	3,196,002	8.0000	7.9340
205,281.36	.....	.....	205,281.36	5,688,333	5,754,585	3.6088	3.5673
$458,852.08	.....	.....	$458,852.08	8,857,967	8,950,587	5.1801	5.1265
$ 6,320.34	$.....	$.....	$ 6,320.34	.....	.....	.....	.....
.....	.....	3,854.74	3,854.74	.....	.....	.....	.....
.....	.....	2,185.81	2,185.81	.....	.....	.....	.....
$ 6,320.34	$.....	$6,040.55	$ 12,360.89	.....	.....	.....	.....
$1,507,012.04	$.....	$6,630.69	$1,513,642.73	24,473,498	24,405,222	6.1939	6.2021

EXHIBIT No. EX. 63.

Witness .....

Federal Power Commission.

Docket No. G-149.

In Re: Interstate Natural Gas Company, Incorporated.

Report on the Income, Plant and Depreciation and Depletion Reserve Accounts for the year 1941.

Federal Power Commission, Docket No. ..... Exhibit No. 63 (for Identification). Date identified 6/19/42.

Federal Power Commission Docket No. G-132 et al. Hearing Ex. 63. 6/19/42.

Bureau of Accounts, Finance and Rates,
Division of Accounts.

Docket G-149.

Interstate Natural Gas Company, Incorporated.

Income, Plant and Depreciation and Depletion Reserve Accounts for the Year 1941.

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Docket G-149.

Interstate Natural Gas Company, Inc.

Report on the Income, Plant and Depreciation and Depletion Reserve Accounts, for the Year 1941.

This is a report on the operations of the Interstate Natural Gas Company, Inc., for the year 1941 and it supplements the reports which have been made on the Income, Plant, and Depreciation and Depletion accounts of that Company, for the years 1938 to 1940, inclusive.

In preparing this report, the pattern of the reports for the 1938-1940 period has been followed. The accounts of the company have been adjusted in the same manner although they have not been examined in detail. In the light of their examination for earlier years, they were reviewed only to the extent deemed necessary to set forth salient features of 1941 operations.

Those general observations relative to the company's operations which apply to 1941 in common with the years 1938 to 1940, and which are set forth in the reports for the earlier period, are not repeated here.

The report is divided into two parts: Part I covers the Income Account for 1941, which is compared with the Income Account of 1940, and Part II covers the Plant Accounts and the Reserves for Depreciation and Depletion for 1941.

Income Accounts—Part I.

Income Accounts.

The company's Net Utility Income for 1941 as set forth in Table I, is $2,386,191. That table is a comparative in-

come statement which shows the several classes of revenue and expenses for 1941 compared with those for 1940 and the respective increases and decreases of 1941 operations over 1940 operations. Although the difference in Net Utility Income for the two years is relatively small, the differences by account groupings are in several instances important. Operating Revenues, Operating Expenses, and Taxes increased in 1941 by large amounts. These increases are shown in the synopsis of Table I which follows:

Synopsis of Income Accounts as Adjusted.

	1941	1940	Increase or (Decrease)
Operating Revenues	$7,572,405	$6,490,870	$1,081,535
Operating Revenue Deductions:			
Operating Expenses	2,585,701	2,278,169	307,532
Depreciation and Depletion	614,896	583,321	31,575
Taxes	1,906,908	1,110,913	795,995
Non-Recurring Expenses	63,300	104,987	(41,687)
Total Operating Revenue Deductions	5,170,805	4,077,390	1,093,415
Net Operating Revenues	2,401,600	2,413,480	(11,880)
Income from Gas Plant Leased to Others	612	643	(31)
Utility Income	2,402,212	2,414,123	(11,911)
Exploration & Development Costs	16,021	138,379	(122,358)
Net Utility Income	$2,386,191	$2,275,744	$ 110,447

Operating Revenues:

The increase in the 1941 Operating Revenues which is $1,081,535 over those of 1940, consists of a $1,149,025 increase in Gas Service Revenues diminished by a decrease of $67,489 in Other Gas Revenues.

By classes of sales, the Gas Service Revenues increased as follows:

	1941	1940	Increase	Per Cent Increase
Industrial Sales ..	$3,736,340	$3,246,777	$ 489,563	15
Pipeline Co. Sales	1,728,404	1,513,642	214,762	14
Exchange Sales	16,269		16,269	100
All Other Sales ...	1,035,076	606,645	428,431	71
Total Gas Service Revenues	$6,516,089	$5,367,064	$1,149,025	21

The largesst proportional increase which is "All Other Sales" was caused chiefly by sales of gas in the New Orleans areas from deliveries made by the United Gas Pipe Line Company, under the terms of the agreement made in 1939 between Interstate and the United company. Generally speaking, increases in the volume of gas sold account for increased revenues. The volume of gas sold in 1941 is 66,791,323 mcf as compared to 56,196,694 mcf sold in 1940. The 1941 increase is approximately 20%.

The $67,489 decline in Other Gas Revenues is accounted for chiefly by a lessening of the transportation of gas for the United Gas Pipe Line Company. In 1941, 19,074,378 mcf was transported for that company, whereas in 1940, 19,672,780 mcf was transported.

Operating Expenses:

The increase in the 1941 Operating Expenses, which is $307,489 over those of 1940, is accounted for as follows:

	1941	1940	Increase or (Decrease)
Production Expenses	$1,866,558	$1,544,882	$321,676
Transmission Expenses ..	487,331	508,787	(21,456)
Administrative and General Expenses	231,812	224,500	7,312
Total Operating Expenses	$2,585,701	$2,278,169	$307,532

The increase of $321,676 in Production Expenses consists chiefly of an increase in the gas purchases, which in 1941 and 1940 were as follows:

	1941	1940	Increase
Mcf	36,350,663	29,646,346	6,704,317
Amount	$1,789,201	$1,495,634	$ 293,567

The remainder of Production Expenses increases consists chiefly of increases in Royalties and Maintenance Expense.

Taxes:

The increase in 1941 taxes, which is $795,996 over those of 1940, may be set forth briefly as follows:

Kind of Tax	1941	1940	Increase
Federal Income	$1,250,000	$ 591,063	$658,937
Louisiana Property	179,981	170,105	9,876
Severance	84,768	75,846	8,922
Gas Gathering.....	181,095	66,140	114,955
Other	211,064	207,758	3,306
Total	$1,906,908	$1,110,912	$795,996

The two largest items above, Federal Income and Gas Gathering Taxes, make up $773,892 of the total increase.

The amount of $1,250,000 shown on Federal Income Taxes for 1941 is an estimate of the normal and excess profits tax liability for that year and is the amount accrued on the books of the company for that purpose.

The increase in 1941 Gas Gathering Taxes over those of 1940 is due to the fact that in 1940 these taxes, becoming effective on July 1, 1940, were levied against six months' gathering of gas, whereas in 1941 they were levied against the entire twelve months' gathering. Moreover, in 1941 the volume of gas gathered was greater than that in 1940.

Exploration and Development Costs:

In 1941, Exploration and Development Costs amounted to $16,021 and in 1940, $138,379. The great difference between the two years is explainable by the fact that in 1940 leases which cost $136,351 expired or were abandoned, whereas in 1941 no leases or rights expired or were abandoned. Of the total 1941 costs, the geophysical survey made in the Bayou L'Outre area amounted to $14,764.

Washington, D. C., March 31, 1942.

FRANK C. RIVERS,
(Frank C. Rivers),
Examiner of Accounts.

VICTOR G. GOUGH,
(Victor G. Gough),
Supervising Examiner.

Approved:

W. E. BAKER,
(W. E. Baker),
Chief Accountant.

CHAS. W. SMITH,
(Chas. W. Smith),
Chief, Bureau of Accounts,
Finance and Rates.

Docket G-149. Interstate Natural Gas Company, Incorporated. Schedule No. 1.

Comparative Income Account as Adjusted for the Years 1940 and 1941.

Description (a)	1941 (b)	1940 (c)	Increase (d)
I—Utility Income			
Operating Revenues	$7,572,405.96	$6,490,870.08	$1,081,535.88
Operating Revenue Deductions—			
Operating Expenses	$2,585,701.08	$2,278,169.53	$ 307,531.55
Depreciation	524,767.97	502,907.41	21,860.56
Depletion	90,128.53	80,413.18	9,715.35
Taxes	1,906,908.63	1,110,912.64	795,995.99
Non-Recurring Expenses	63,299.94	104,987.06	(41,687.12)
Total Operating Revenue Deductions	$5,170,806.15	$4,077,389.82	$1,093,416.33
Net Operating Revenues	$2,401,599.81	$2,413,480.26	$(11,880.45)
Income from Gas Plant Leased to Others	$ 612.26	$ 643.04	$(30.78)
Utility Income	$2,402,212.07	$2,414,123.30	$(11,911.23)
II—Exploration and Development Costs			
Delay Rentals	$ 997.04	$ 1,583.75	$(586.71)
Abandoned Leases	.....	136,351.27	(136,351.27)
Other Exploration Costs	15,024.73	444.10	14,580.63
Total Exploration Costs	$ 16,021.77	$ 138,379.12	$(122,357.35)
Net Utility Income	$2,386,190.30	$2,275,744.18	$ 110,446.12
III—Other Income			
Revenues from Lease of Other Physical Property	$ 3,186.20	$ 2,600.00	$ 586.20
Interest Revenues	2,885.41	7,655.31	(4,769.90)
Misc. Nonoperating Revenues	.....	40.47	(40.47)
Nonoperating Revenue Deductions	(13,140.45)	(1,988.94)	(11,151.51)
Total Other Income	$(7,068.84)	$ 8,306.84	$(15,375.68)
Gross Income	$2,379,121.46	$2,284,051.02	$ 95,070.44
IV—Income Deductions			
Other Interest Charges	$ 10,731.05	$ 29.10	$ 10,701.95
Misc. Income Deductions	985.00	1,885.83	(900.83)
Total Income Deductions	$ 11,716.05	$ 1,914.93	$ 9,801.12
Net Income	$2,367,405.41	$2,282,136.09	$ 85,269.32

Docket G-149. Schedule No. 3.

Interstate Natural Gas Company, Incorporated.

Operating Revenues as Adjusted for the Year 1941.

Description (a)	1941 (b)
Gas Service Revenues:	
Industrial Sales	$3,736,340.34
Pipe Line Company Sales	1,728,403.52
Exchange Sales	16,269.42
All Other Sales	1,035,075.98
Total Gas Service Revenues	$6,516,089.26
Other Gas Revenues:	
Rent from Gas Property	$ 14,821.01
Customers Forfeited Discounts and Penalties	316.17
Revenue from Transportation of Gas of Others	1,037,302.04
Royalties	1,301.22
Miscellaneous Gas Revenues	2,576.26
Total Other Gas Revenues	$1,056,316.70
Total Operating Revenues	$7,572,405.96

Docket G-149. Interstate Natural Gas Company, Incorporated. Schedule No. 4

Gas Service Revenues Showing Examiners' Adjustments for the Year 1941. Sheet 1 of 3.

Description (a)	Point of Delivery (b)	Contract Metering Base (c)	Revenue Per Books (d)	Adjustments Dr. (e)	Adjustments Cr. (f)	Adjusted Revenue (g)	M. C. F. (h)	Rate Per MCF in Cents (i)
Industrial Sales—Own Use								
Standard Oil Co. of La. (affiliated) Baton Rouge, La.	Meter and Reg. Station Vendees premises.	14.7 lb. 8 oz.	$2,063,789.08	$.....	$.....	$2,063,789.08	18,101,079	11.40
Colonial Sugars Company Gramercy, La.	Meter and Reg. Station Vendees premises.	14.7 lb. 8 oz.	113,112.09	.....	.....	113,112.09	1,128,726	10.02
E. Louisiana State Hospital Jackson, La.	Meter and Reg. Station Tap on 22" Main Line.	14.6 lb. 8 oz.	48,185.40	1,378.35	.....	46,807.05	275,669	16.98
Ethyl Gasoline Corporation Baton Rouge, La.	Meter and Reg. Station Vendees premises and premises of La. Steam Generating Corp.	14.6 lb. 8 oz.	342,930.92	.....	.....	342,930.92	2,664,476	12.87
Godchaux Sugars, Inc. Reserve, La.	Meter and Reg. Station Vendees premises.	14.7 lb. 8 oz.	237,371.62	.....	.....	237,371.62	2,372,703	10.00
Godchaux Sugars, Inc. Raceland, La.	Meter and Reg. Station Vendees premises.	14.7 lb. 8 oz.	14,223.06	.....	.....	14,223.06	130,509	10.90
The Solvay Process Company Baton Rouge, La.	Meter and Reg. Station Vendees premises and premises of La. Steam Generating Corp.	14.7 lb. 8 oz.	454,775.18	.....	.....	454,775.18	3,521,713	12.91
Shell Oil Company Norco, La.	Meter and Reg. Station Vendees premises.	14.7 lb. 8 oz.	109,969.26	.....	.....	109,969.26	1,056,935	10.40
Gulf States Utilities Co. (La. Steam Generating Corp.) Baton Rouge, La.	Meter and Reg. Station Vendees premises.	14.7 lb. 8 oz.	324,120.45	.....	.....	324,120.45	2,494,623	12.99
DeHass-Eby Lumber Co. Sorrento, La.	Meter and Reg. Station Vendees premises.	14.7 lb. 10 oz.	315.75	.....	.....	315.75	1,005	31.42
General American Transp. Corp. Goodhope, La.	Meter and Reg. Station Vendees premises.	14.7 lb. 8 oz.	16,538.53	.....	.....	16,538.53	123,890	13.35
Concordia Parish Gin Water Proof, La.	Meter and Brock Station Plant Yard.	14.6 lb. 8 oz.	506.44	46.04	.....	460.40	2,302	20.00
N. W. Corporation Monroe, La.	Monroe Field	.....	200.00	.....	.....	200.00	1,300	15.38
*The California Company Houston, Texas.	Deliveries by U. G. P. L. Co.	14.4 lb. 4 oz.	3,418.14	.....	.....	3,418.14	22,789	15.00
*The Texas Pipe Line Co. Houston, Texas.	Deliveries by U. G. P. L. Co.	14.7 lb. 4 oz.	30.85	.....	.....	30.85	139	22.19
*Valentine Sugars, Inc. Lockport, La.	Deliveries by U. G. P. L. Co.	14.7 lb. 4 oz.	8,277.96	.....	.....	8,277.96	72,776	11.37
Total Industrial Sales—Own Use		.....	$3,737,764.73	$1,424.39	.....	$3,736,340.34	31,970,634	11.69

Docket G-149. Interstate Natural Gas Company, Incorporated. Schedule No. 4

Gas Service Revenues Showing Examiners' Adjustments for the Year 1941. Sheet 2 of 3.

Description (a)	Point of Delivery (b)	Contract Metering Base (c)	Revenue Per Books (d)	Adjustments Dr. (e)	Adjustments Cr. (f)	Adjusted Revenue (g)	M.C.F. (h)	Rate Per MCF in Cents (i)
Pipeline Company Sales—for Resale								
**Miss. River Fuel Corp. (affiliated) St. Louis, Mo.	Compressor Station Perryville, La.	14.4 lb. 8 oz.	$660,646.30	$.....	$4,722.64	$665,368.94	8,326,560	7.99
United Gas Pipe Line Co. (Memphis Natural Gas Co.) Monroe, La.	Memphis Comp. Sta. Guthrie, La.	14.65 lb. 8 oz.	324,404.25	.....	.....	324,404.25	3,964,009	8.18
Southern Natural Gas Co. Birmingham, Ala.	Compressor Station Perryville, La.	14.4 lb. 8 oz.	569,437.13	.....	3,970.98	573,408.11	9,689,624	5.92
United Gas Pipe Line Co. (Main Line) Monroe, La.	DeSiard Comp. Sta. Fowler, La.	14.7 lb. 8 oz.	165,222.22	.....	.....	165,222.22	4,758,319	3.47
Total Pipeline Company Sales—for Resale			$1,719,709.90	.....	$8,693.62	$1,728,403.52	26,738,512	6.46
Exchange Sales								
Hope Producing Co. (affiliated) Monroe, La.	Monroe Field	14.7 lb. 8 oz.	$ 16,269.42	.....	.....	$16,269.42	298,082	5.46
All Other Sales—for Resale								
Suburban Utilities Co. Baton Rouge, La.	City Gate	14.7 lb. 8 oz.	$ 10,883.25	.....	.....	$10,883.25	33,516	32.47
La Place Gas and Fuel Co. La Place, La.	City Gate	14.7 lb. 8 oz.	2,189.05	.....	.....	2,189.05	6,761	32.38
Norco Gas and Fuel Co. Norco, Gramercy and Destrehan.	City Gate	14.7 lb. 8 oz.	9,147.90	.....	.....	9,147.90	31,452	20.09
Norco Gas and Fuel Co. St Rose.	City Gate	14.7 lb. 8 oz.	70.71	.....	.....	70.71	203	34.83
Reserve Public Utilities Corp. Reserve, La.	City Gate	14.7 lb. 8 oz.	5,281.05	.....	.....	5,288.05	16,794	31.45
Peck Gas Co. Peck, La.	City Gate	14.6 lb. 8 oz.	254.80	.....	.....	254.80	1,016	25.08
Gulf States Utilities Co. (Baton Rouge Elec. Co.) Baton Rouge, La.	City Gate	14.7 lb. 8 oz.	214,529.66	.....	.....	214,529.66	1,226,137	17.50
Mississippi Power and Light Co. Natchez, Miss.	City Gate	14.6 lb. 8 oz.	96,788.28	.....	.....	96,788.28	456,826	21.19
Buffalo Gas Co. Wilkinson, Miss.	City Gate	14.6 lb. 8 oz.	452.20	.....	.....	452.20	1,292	35.00

Docket G-149. Interstate Natural Gas Company, Incorporated. Schedule No. 4.

Gas Service Revenues Showing Examiners' Adjustments for the Year 1941. Sheet 3 of 3.

Description (a)	Point of Delivery (b)	Contract Metering Base (c)	Revenue Per Books (d)	Adjustments Dr. (e)	Adjustments Cr. (f)	Adjusted Revenue (g)	M. C. F. (h)	Rate Per MCF in Cents (i)
Town of Jackson, La.	City Gate	14.6 lb. 8 oz.	$ 2,515.25	$	$	2,515.25	8,146	30.88
Town of Zachary, La.	City Gate	14.6 lb. 8 oz.	2,640.45			2,640.45	8,229	32.09
Town of Centreville, Miss.	City Gate	14.6 lb. 8 oz.	1,657.50			1,657.50	4,851	34.17
Town of St. Francisville, La.	City Gate	14.6 lb. 8 oz.	3,052.42			3,052.42	9,782	31.20
Town of Woodville, Miss.	City Gate	14.6 lb. 8 oz.	7,181.55			7,181.55	22,803	31.49
Town of Vidalia, La.	City Gate	14.6 lb. 8 oz.	4,082.80			4,082.80	13,892	29.39
Sicily Island Gas Co. Sicily Island, La.	City Gate	14.6 lb. 8 oz.	3,521.70			3,521.70	13,542	26.01
Louisiana Power and Light Co. Wisner, Gilbert and Ferriday, La.	City Gate	14.6 lb. 8 oz.	12,802.60			12,802.60	43,308	29.56
Village of Gonzales, La.	City Gate	14.7 lb. 8 oz.	3,896.25			3,896.25	12,438	31.33
*Louisiana Power and Light Co. New Orleans, La.	Deliveries by U. G. P. L. Co.	14.7 lb. 8 oz.	105,274.13			105.274.13	920,685	11.43
*New Orleans Public Service, Inc., and La. Power and Light Co. New Orleans, La.	Deliveries by U. G. P. L. Co.	14.7 lb. 8 oz.	548,854.43			548.854.43	4,952,422	11.08
Total All Other Sales—for Resale			$1,035,075.98			$1,035,075.98	7,784,095	13.30
Total Gas Service Revenues			$6,508,820.03	$1,424.39	$8,693.62	$6,516,089.26	66,791,323	9.76

* Sales made under "Additional Gas Supply" agreement.
** Considered Non-Associated Sales by Company.

EXHIBIT 64.

Part B. Rate Schedules and Agreements for Sale of Gas to Pipe Line Companies.

1. *Introduction.*

Interstate sells natural gas to pipe line companies under four agreements, all of which have been filed with the Commission under Order No. 53 or Part 54 of the Commission's Provisional Rules of Practice and Regulations. The agreements are as follows:

Rate Schedule FPC No.	Pipe Line Company
4	Mississippi River Fuel Corporation.
6	United Gas Pipe Line Company (for the account of Memphis Natural Gas Company).
15	United Gas Pipe Line Company (for New Orleans Area).
24	Southern Natural Gas Company.

Three other agreements for the sale of gas to pipe line companies, which were filed with the Commission, have terminated or been superseded.

Rate Schedule FPC No. 2, an agreement dated May 10, 1929 under which Interstate sold gas to Arkansas Louisiana Pipe Line Company, terminated by its own terms on November 30, 1939.

Rate Schedule FPC No. 3, an agreement dated May 10, 1929 under which Interstate sold gas to United Gas Pipe Line Company as successor to Dixie Gulf Gas Company, terminated by its own terms on October 31, 1939.

Rate Schedule FPC No. 14, an agreement dated October 1, 1933, under which Interstate sold gas to Southern Natural Gas Corporation and its Receivers, was superseded, effective July 1, 1941 by Rate Schedule FPC No. 24, an agreement with Southern Natural Gas Company, dated April 1, 1941. Rate Schedule FPC No. 14 itself superseded an agreement dated January 15, 1929 under which Interstate sold gas to Southern Natural Corporation.

2. *Nature of Agreements.*

In all of the agreements (including those terminated) for the sale of gas to pipe line companies, except Rate Schedule FPC No. 15, Interstate is a party to a two-party agreement under which Interstate and Hope Producing Company, an affiliate, sell gas to a pipe line company. Furthermore, Interstate and Hope Producing Company (hereinafter sometimes termed "Hope") supply only a specified percentage of the pipe line company's total requirements. The remainder of the requirements are supplied under separate agreements, in specified percentages, by United Gas Pipe Line Company, Southern Carbon Company and United Carbon Company.

The following tabulation shows the name of each company participating in the three presently effective joint supply arrangements, the percentage of the total natural gas requirements of the pipe line company to be suplied by each company under each agreement, the FPC rate schedule number, and the date of the agreement.

Mississippi River Fuel Corporation.

Supplier	Percentage[1]	Date of Agreement	Rate Schedule FPC No.
Interstate Natural Gas Co., Inc. and Hope Producing Company	22	8/1/29	4
			3
United Gas Pipe Line Company	40	8/1/29	9, 10, 11
Southern Carbon Company	21	8/1/29	3
United Carbon Company	17	.....	..
	100		

United Gas Pipe Line Company for Account of Memphis Natural Gas Company.

Supplier	Percentage	Date of Agreement	Rate Schedule FPC No.
Interstate Natural Gas Co., Inc. and Hope Producing Company	24	1/7/30	6
			4
United Gas Pipe Line Company	34	1/7/30	5
Southern Carbon Company	23	1/7/30	4
United Carbon Company	19	1/7/30	..
	100		

Southern Natural Gas Company.

Supplier	Percentage	Agreement	Rate Schedule FPC No.
Interstate Natural Gas Co., Inc. and Hope Producing Company	16.6125	4/1/41	24
			8
United Gas Pipe Line Company	30.375	4/1/41	44
Southern Carbon Company	15.9	4/1/41	7
United Carbon Company	12.1125	4/1/41	2
Total of Above	75.0000		
Southern Natural Gas Company	25.0000[2]	.....	..
	100.0000		

[1] There is excluded from the total gas requirements of Mississippi River Fuel Corporation gas purchased from United Gas Pipe Line Company (under United's Rate Schedule FPC No. 13) for delivery and sale to Crossett Lumber Company and associates.

[2] Percentage supplied by Southern Natural Gas Company from its production (in Logansport field).

3. *Billings by Interstate Natural Gas Company, Incorporated and Hope Producing Company under Two-Party Agreements.*

Although Interstate and Hope sell gas under joint sales agreements to three pipe line companies, as indicated above, each renders separate monthly invoices to each pipe line company.

Interstate and Hope have an oral understanding, that Hope shall deliver as much gas as it can for each of the three agreements, but not exceeding one-third of the gas jointly sold by Interstate and Hope under each contract.

Interstate delivers gas to each of the pipe line companies for its own account and for the account of Hope. Hope delivers gas to Mississippi River Fuel Corporation, and occasionally to Southern Natural Gas Company. Hope also delivers gas to Interstate for its account with the pipe line companies. The amounts delivered by Hope and Interstate to the pipe line companies represent their total deliveries under the two-party agreements. The amounts delivered by Hope to the pipe line companies and to Interstate for Hope's account represent the total deliveries for Hope's account under the two-party agreements. The difference between the total deliveries by both companies under the two-party agreements and the total deliveries for Hope's account represents the total deliveries for Interstate's account under the two-party agreements.

The procedure used in determining the amount of gas to be billed each month by Interstate and by Hope to each of the three pipe line companies is as follows: First, the total of the volumes delivered by each company to the three pipe line companies (converted to a uniform metering base of 14.4 lbs. plus 10 oz.) is determined. Hope is then credited with the delivery of 1.25% of the total re-

quirements of Southern Natural Gas Company (which requirements include gas purchased from Interstate and Hope, United Gas Pipe Line Company, Southern Carbon Company, and United Carbon Company, and gas produced by Southern Natural Gas Company), and the volume so credited to Hope is deducted from the total deliveries for Hope's account under the two-party agreements and from the total deliveries by Hope and Interstate under the agreements.

After this deduction, an amount is obtained representing the sum of (1) the remainder of the deliveries for Hope's account and (2) the total deliveries for Interstate's account; then the percentages which each are of the sum are determined.

The percentage so determined for Interstate is applied to the total deliveries by both companies to Mississippi River Fuel Corporation, to the total deliveries by both companies to United Gas Pipe Line Company for the account of Memphis Natural Gas Company, and to the total deliveries by both companies to Southern Natural Gas Company after deducting the 1.25% previously credited to Hope, to determine the volume to be billed by Interstate to each of the three pipe line companies. The difference is the volume to be billed by Hope to each of the three pipe line companies.

4. *Agreement with Mississippi River Fuel Corporation.*

a. *Service Area of Purchaser:*

Mississippi River Fuel Corporation (hereinafter sometimes termed "Mississippi") operates a pipe line extending from Perryville, Louisiana, to St. Louis, Missouri. The company's principal market is in and around St. Louis. Gas sold by Interstate to Mississippi is commingled with gas purchased from other suppliers and is sold by Mis-

sissippi to ultimate consumers and distribution companies in Arkansas, Missouri and Illinois and consumed in the operation of Mississippi's pipe line.

b. *Term of Agreement:*

The agreement, designated as Rate Schedule FPC No. 4, and dated August 1, 1929, originally provided for the sale of gas for 20 years from the date of first delivery under the agreement, November 21, 1929. Subsequently Mississippi issued first mortgage bonds dated February 1, 1937, to mature February 1, 1952, and the term of the agreement was extended for the period beginning November 21, 1949, and expiring February 2, 1952, or the date of payment of the last of the outstanding bonds, whichever is later.

c. *Rates in Effect June 1, 1942:*

The rates in effect on June 1, 1942 are as follows: For gas resold for ultimate public consumption as domestic and commercial use 7.6 cents per MCF; for all other gas 8 cents per MCF.

The agreement provides that the price of all gas shall increase from 7.6 cents to 8 cents per MCF on November 21, 1939. By order dated November 20, 1939, the Commission suspended the increase with respect to gas resold for ultimate public consumption as domestic and commercial use. After public hearings, by order dated April 20, 1940, the Commission disallowed the proposed increase in rates for gas sold by both Interstate and Hope to Mississippi for resale for ultimate public consumption as domestic and commercial use.

Supplement No. 1 to the agreement states that the scale of prices in the original agreement are based upon the assumption that severance tax on gas delivered under

the agreement shall not exceed nine-one hundredths of a cent (9/100¢) per MCF. Supplement No. 1 provides that if severance tax and other taxes on gas production, gas purchased, or the operation of gas properties, other than income tax, paid directly or indirectly by Interstate and Hope on gas delivered to Mississippi exceeds 9/100¢ per MCF, Mississippi will pay 50 percent of the excess to Interstate and Hope.

d. *Quantity Provisions:*

The agreement intends that Interstate and Hope shall deliver 22 percent of the requirements of Mississippi's pipe line. The requirements of the pipe line are defined as the total volume taken into the pipe line and laterals and extensions, including gas transported, sold, lost in transit, and consumed in the operation of compressor stations, but excluding gas purchased by Mississippi from United Gas Pipe Line Company (under United's Rate Schedule FPC No. 13) for delivery and sale to Crossett Lumber Company and associates.

The agreement provides that if any of the companies supplying Mississippi under the joint sales arrangements does not deliver its quota percentage of Mississippi's requirements the remainder of the supplying companies may make up the deficiency pro rata. If the supplying group of companies is unable to meet the entire requirements of the pipe line, Mississippi is at liberty to obtain gas to supply the deficiency at its own expense, from any source.

e. *Priority Provisions:*

The agreement is subject to the obligations of Interstate and Hope under all contracts made before June 21, 1928, including conditional contracts for supply of gas to Memphis and New Orleans. In case of shortage of supply,

however, the Memphis contract has no priority over the agreement with Mississippi; deliveries under both agreements are to be prorated, with preference given to gas supplied for domestic purposes.

f. *Delivery and Metering:*

Gas is delivered to Mississippi at its receiving station at Perryville, Louisiana and measured at that point by Mississippi's meters. Check meters have been installed by Interstate and Hope.

Interstate and Hope are required to deliver gas at the highest pressure which can be maintained from the natural pressure of the wells but not more than 200 and not less than 50 pounds per square inch. Mississippi is not obligated to but may take gas at pressures less than 50 pounds.

The unit of measurement for gas delivered in the MCF at a temperature of 60° F., and at a pressure of 8 ounces above an assumed atmospheric pressure of 14.4 pounds per square inch absolute, computed according to Boyle's Law.

g. *Heating Value:*

The agreement does not contain a provision concerning minimum heating value of the gas, or price adjustment dependent upon heating value.

h. *Billing and Payment:*

Bills are to be rendered on or before the tenth day of each calendar month, and paid on or before the twentieth day of each calendar month, for gas delivered during the preceding calendar month. If payment is not made when due, interest at 6 per cent per annum accrues from the due date to the date of payment.

5. *Agreement with United Gas Pipe Line Company for the Account of Memphis Natural Gas Company.*

a. *Introduction:*

On May 24, 1928, Industrial Gas Company, a predecessor of United Gas Pipe Line Company, made an agreement to sell gas to Memphis Natural Gas Company.

Under date of January 7, 1930, an agreement was entered into by Industrial Gas Company, The Palmer Corportion of Louisiana, Interstate Natural Gas Company, Incorporated and Hope Producing Company, Southern Carbon Company, and United Carbon Company whereby each of the five parties delivers a percentage of the total amount of gas which Industrial Gas Company had agreed to sell Memphis Natural Gas Company in the agreement of May 24, 1928. The percentage quota of each of the present suppliers has been stated previously in this exhibit. United Gas Pipe Line Company is successor to Industrial Gas Company and The Palmer Corporation of Louisiana.

United Gas Pipe Line Company bills Memphis Natural Gas Company for the entire amount delivered each month by all the contracting parties. After Memphis Natural Gas Company pays the bill, United Gas Pipe Line Company pays each of the other companies its share, based on volume delivered, of the amount of money received from the Memphis company.

The agreement of January 7, 1930 terminates on the date of expiration of the agreement between United Gas Pipe Line Company and Memphis Natural Gas Company dated May 24, 1928 (hereinafter sometimes termed the "Memphis contract"). Subsequent statements generally refer to the Memphis contract.

b. *Service Area of Purchaser:*

Memphis Natural Gas Company operates a pipe line extending from Guthrie, Louisiana, to Memphis and Jackson, Tennessee. The company's principal market is Memphis. Gas delivered by Interstate is commingled with gas produced by Memphis Natural Gas Company or its subsidiary and gas purchased from other suppliers, and is sold by Memphis Natural Gas Company to ultimate consumers and distribution companies in Arkansas, Mississippi and Tennessee and consumed in the operation of its pipe line.

c. *Term of Agreement:*

The Memphis contract dated May 24, 1928 became effective January 10, 1929. The agreement is to continue for a period of 15 years from that date. If at the end of the 15-year period the seller has natural gas available to continue supplying the buyer, then the agreement is extended on all the same terms and conditions, except as to price, for an additional period of 10 years or for such part of 10 years as the seller has natural gas available.

d. *Rates in Effect June 1, 1942:*

The rate in effect for all gas sold is 8 cents per MCF, plus adjustment for increased severance tax (0.18 cent per MCF), plus one-half of the Louisiana gas gathering tax (0.25 cent per MCF). The 8 cent rate is based on Louisiana severance taxes imposed under laws existing at the date of the agreement; if severance taxes are increased or decreased, the rate is correspondingly changed. Memphis Natural Gas Company has agreed to pay one-half of the Louisiana gas gathering tax.

The original agreement provided that the base rate was to increase from 8 cents per MCF to 9 cents per MCF beginning January 10, 1941 but the supplying companies

have waived the increase for two successive 12-months' periods.

e. *Quantity Provisions:*

Under the provisions now in effect, the agreement provides that the Memphis company shall purchase up to 16 billion cubic feet during each contract year, and shall have the right to purchase such additional amounts of natural gas as may be needed to meet the requirements of its system.

f. *Priority Provisions:*

The original agreement between Industrial Gas Company and Memphis Natural Gas Company states that the total requirements of all present contracts of Industrial Gas Company having any priority or preference over obligations to the Memphis company do not exceed 10 million cubic feet of gas per day. The agreement also provides that in case of shortage of gas and necessity for curtailment, delivery of gas to the Memphis company and to such other customers to which Industrial Gas Company may sell natural gas shall be on a priority basis, but domestic consumers shall be given preference over industrial consumers. In the agreement of January 7, 1930, each of the parties which joined Industrial Gas Company in supplying the requirements of Memphis Natural Gas Company specified that its obligations to deliver to the Memphis company were subject to specified agreements already in effect.

g. *Delivery and Metering:*

Gas is delivered to the Memphis company near its Guthrie compressor station. Under a supplementary agreement, Interstate Natural Gas Company, Incorporated delivers the production from two of its wells into a 6" pipe line of Memphis Natural Gas Company.

Deliveries of gas to the Memphis company are to be made at a pressure of 200 pounds per square inch at the Memphis company's receiving station as long as the natural pressure of the wells will permit delivery of contract requirements against that pressure. If the natural pressure of the wells decreases so that delivery of the required quantity cannot be made at 200 pounds pressure, then the seller shall deliver gas at a pressure of at least 100 pounds per square inch. If the natural pressure of the wells decreases to the extent that the deliveries of the required quantitites of natural gas at a pressure of 100 pounds per square inch cannot be made by natural pressure, then the seller is required to construct and operate, or cause to be constructed and operated, compressor stations or other facilities which will deliver natural gas to the Memphis company at a pressure of at least 100 pounds per square inch gauge.

The unit of measurement for gas delivered is the MCF at a temperature of 60° F., at a pressure of 8 oz. above an assumed atmospheric pressure of 14.65 pounds per square inch absolute, computed according to Boyle's Law.

h. *Heating Value:*

The agreement provides that the natural gas delivered shall have an average gross heating value of not less than 950 Btu per cubic foot.

i. *Billing and Payment:*

Bills are to be rendered on or before the 15th day of each calendar month and paid on or before the 25th day of each calendar month for gas delivered during the preceding calendar month. If payment is not made when due, interest at 6% per annum accrues from the due date to the date of payment.

6. *Agreement with Southern Natural Gas Company.*

a. *Service Area of Purchaser:*

Southern Natural Gas Company (hereinafter sometimes referred to as "Southern") operates a pipe line extending from Perryville, Louisiana to Birmingham and Atlanta. The company's principal markets are the Birmingham and Atlanta areas. Gas sold to Southern by Interstate is commingled with gas produced or purchased by Southern or its subsidiary in the Logansport, Floyd and Joaquin fields and gas purchased from other suppliers and is sold by Southern to ultimate consumers and distribution companies in Mississippi, Alabama, and Georgia and consumed in the operation of Southern's pipe line.

b. *Term of Agreement:*

The term of the agreement, dated April 1, 1941, is from its effective date July 1, 1941 to December 31, 1949.

c. *Rates in Effect June 1, 1942:*

The rate provided for regular gas (Contract Percentage) is a two-part rate as follows:

Demand Charge: 35¢ per Month per MCF of billing demand.

Commodity Charge: 5¢ per MCF.

Additional gas above the Contract Percentage is sold to Southern at the average price per MCF paid for regular gas.

The price of all gas is subject to adjustment for increase in certain taxes above two-tenths of a cent (2/10¢) per MCF. Southern is to pay 50 per cent of any excess over 2/10¢ per MCF. Taxes covered by the price adjustment provision include taxes, licenses or fees charged

on the production, severance, gathering, transportation, handling, sale or delivery of gas, and on value or sales price of gas, but exclude ad valorem, income, excess profits, franchise, general gross receipts, general gross income, general sales, and general occupation or license taxes.

d. *Quantity Provisions:*

Interstate and Hope are originally to supply 16.6125 per cent of Southern's requirements, and all the supplying group of companies are to deliver 75 per cent of Southern's requirements in the area defined in the contract which includes part of Mississippi, all of Alabama and Georgia, and part of Tennessee.

There are several provisions concerning adjustment of percentages of the suppliers as a group and of each supplying party. Under these provisions, Southern may reduce the percentage of requirments purchased from the supplying group. If the group fails to deliver its quota on five or more of the ten peak days during the period from November 1 of any year to March 31 of the next year, Southern may reduce the percentage which it purchases from the group. If any individual supplier fails to meet its quota on five or more of the ten peak days during the period from November 1 of any year to March 31 of the next year, the members of the supplying group who have met their quotas have the right to increase their percentage to meet the deficiency, effective April 1.

e. *Priority Provisions:*

The obligations of Interstate to deliver gas to Southern are subject to the reservation of sufficient gas to perform obligations under specified agreements, including those in effect January 15, 1929, and to supply gas to pipe lines from the Monroe Field to a number of places including St. Louis, Memphis, New Orleans, and Shreveport.

f. *Deliveries and Metering:*

Gas is delivered to Southern at its receiving station at Perryville, Louisiana.

Deliveries of gas to Southern are to be made at a pressure of 200 pounds per square inch at the receiving station as long as the natural pressure of the wells will permit delivery of contract requirements. If the natural pressure is insufficient to enable Interstate to make deliveries at 200 pounds pressure, then Interstate is to make deliveries at the highest pressure which can be maintained from the natural pressure of the wells, but not less than 50 pounds. Southern is not obligated to but may take gas at pressures of less than 50 pounds.

The unit of measurement for gas delivered is the MCF at a temperature of 60° F., at a pressure of 8 oz. above an assumed atmospheric pressure of 14.4 pounds per square inch absolute, computed according to Boyle's law.

g. *Heating Value:*

The agreement does not contain a provision concerning the heating value of gas delivered from the Monroe Field (or from the East Carroll Field or West Carroll Field). The agreement, however, provides that no gas having a heat content at contract metering conditions of less than 925 or more than 1,100 Btu per cubic foot shall be delivered to Southern until equitable adjustment is made between Southern and all of the supplying group of companies, taking into account, among other things, the effects which the decrease or increase of the heat content of the commingled gas in Southern's line would have upon the volume and price of all gas received into or delivered from Southern's line.

h. *Billing and Payment:*

Bills are to be rendered on or before the 15th day after the close of each billing month and paid on or before the 25th day after the close of each billing month. If the payment is not made when due, interest at 6% per annum accrues from the due date to the date of payment.

EXHIBIT No. 65.

Federal Power Commission.

Docket No. G-149.

Interstate Natural Gas Company, Incorporated.

Cost of Service, 1938 to 1941, and Allocation of Cost of Service, 1941, Interstate Natural Gas Company, Incorporated.

Federal Power Commission Docket No. G 132 et al. Hearing Ex. No. 65. 6/20/42.

Federal Power Commission, Docket No. ..... Exhibit No. 65 (for Identification). Date Identified 6/20/42.

Witness: James V. O'Connor.

Docket G-149.

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Docket G-149.

Interstate Natural Gas Company, Incorporated.

Under date of December 5, 1939, the Commission issued an order instituting an investigation into and concerning the rates, charges, classifications, rules, regulations, prac-

tices, and contracts of Interstate Natural Gas Company, Incorporated. As a result thereof, and pursuant to instructions from the Commission, a statement of the cost of service rendered by Interstate Natural Gas Company, Incorporated has been prepared for the purpose of setting forth pertinent facts concerning matters involved in this investigation by the Commission.

Washington, D. C., June 10, 1942.

JAMES V. O'CONNOR,
(James V. O'Connor),
Senior Rate Investigator.

Approved:
H. ZINDER,
Chief, Division of Rates and Research.
CHAS. W. SMITH,
Chief, Bureau of Accounts, Finance and Rates.

Docket G-149.

Written Explanatory Statement.

A. Introduction.

This exhibit shows the cost of gas service rendered by Interstate Natural Gas Company, Incorporated for the years 1938 to 1941, and an allocation of the cost of service for the year 1941 between customers served by the company.

Cost of service as used in this exhibit includes all operating expenses, depreciation, depletion, taxes, exploration and development costs, and a return on a depreciated original cost rate base. The rate of return assumed for the purpose of this exhibit is 6½ per cent per annum.

The rate base adopted for the purpose of the exhibit is the sum of the net adjusted book cost of gas plant in service, construction work in progress, and working capital, as determined by accounting examiners of the Commission (Exhibits Nos. 56, 59, 61, 62a, 62b and 63). The term "net adjusted book cost of plant" represents the difference between the adjusted book cost of plant and the adjusted depreciation and depletion reserves related thereto, as determined by accounting examiners of the Commission (Exhibits Nos. 56, 59, 63).

The necessity for an allocation of costs arises from the fact that the several customers of the company jointly use the same production and transmission plant and depend for service upon the same pipe line facilities and gas supply.

The problem of allocation of joint costs is one that engineers and economists have been studying for many years, not only in the utility industry but in all other industries in which joint costs are present. But to date no scientific formula has been devised which can be applied in all cases, or even in a particular industry. The problem of allocation of joint costs is still one requiring the exercise of informed judgment and the use of procedures which appear to be reasonable in each particular instance. The allocation in this exhibit represents, in my opinion, a reasonable basis for apportioning the costs of service of Interstate Natural Gas Company, Incorporated.

In this exhibit, demand costs have been apportioned between customers on the basis of their peak responsibility or demand on the day of the system peak. This basis of apportioning demand costs has been used because it is reasonable under the circumstances which exist on the system of Interstate Natural Gas Company, Incorporated.

All customers contribute to the peak day demand and there is no large off-peak customer or group of important customers which are actually disconnected at the time of the system peak.

The allocation presented in this exhibit shows the cost of rendering service to each distribution company in addition to the cost of serving distribution companies as a class. This does not infer that separate rates are proper for each distribution company. Where the character of service rendered is similar and costs of service are not materially different, a single uniform rate applicable to all distribution companies is desirable. The cost of service to each distribution company may be used as a guide to avoid undue discrimination in the terms of the uniform rate.

B. Cost of Service, 1938 to 1941.

Schedule No. 1 shows the rate base, revenues, cost of service, and excess of revenues over cost of service for the years 1938 to 1941. The cost of service shown for 1938, 1939, and 1940 includes federal income and excess profits taxes as recorded for those years. For the year 1941, the cost of service is shown on two bases. In column 5, cost of service includes the full amount of federal income and excess profits taxes payable based on actual revenues for 1941. In column 6, cost of service includes the amount of federal income and excess profits taxes which would have been payable in 1941 if the company earned 6½ per cent return on the rate base used in this exhibit. In column 5, the excess of revenues over cost of service for 1941 is shown as $1,353,918.28, whereas in column 6, the excess is shown as $2,410,875.54. The difference between these two figures, $1,056,957.26, represents the reduction in federal income and excess profits taxes which would result if revenues were reduced so

that the company earned 6½ per cent return on the rate base in 1941. As shown on lines 16 and 17, columns 5 and 6, federal income tax would be reduced from $815,032.02 to $215,472.77, and federal excess profits tax of $457,398.01 would be eliminated.

The method of determining the revised federal income taxes is shown in Schedule No. 2. The company's federal income and excess profits taxes would not be reduced to the amounts shown in Schedule No. 2, if rates to all customers were not revised to the basis of 6½ per cent return on the rate base. The difference between taxes computed in Schedule No. 2 and any higher taxes due to maintaining present rates for some classes of consumers would properly be chargeable to those consumers whose rates remain unchanged, and on which the company is earning more than a 6½ per cent return.

C. Allocation of Cost of Service, 1941.

Schedule No. 3 summarizes the allocation of the cost of service for 1941 by classes of business. This schedule shows, for each of five classes of business, volumes of gas sold and transported in 1941, revenues from the sale and transportation, cost of service, average revenue received per MCF sold or transported, and average cost of service per MCF sold or transported. The totals in Columns 3, 4, and 5 agree with corresponding figures in Column 6 of Schedule No. 1.

The excess of revenues over cost of service totals $2,410,875.54. Column 5 of Schedule 3 shows that $1,015,077.72 or 42.1 per cent of this total is applicable to the sale of gas to direct industrial customers; $20,020.47 or 0.8 per cent is applicable to the sale of gas to a public authority, (East Louisiana State Hospital); $135,482.72 or 5.6 per cent of the total is applicable to the sale of gas to dis-

tribution companies; $893,189.43 or 37.1 per cent is applicable to the sale of gas to pipe line companies; and $347,105.20 or 14.4 per cent of the total is applicable to the transportation of gas for United Gas Pipe Line Company.

Schedule No. 4 shows the same information as Schedule No. 3, but in more detail, including data for each distribution company at each point of delivery and for each pipe line company served.

The remaining schedules present supporting data for Schedules Nos. 3 and 4.

Schedule No. 5 shows the cost of gas produced and purchased in 1941, including the allocation of costs between sources of supply. Schedule No. 6 shows the cost of transmission of gas in 1941, including the allocation of costs between the several sections into which the property was segregated for the purpose of the cost allocation.

Schedule No. 7 shows the adjusted book cost of plant in service December 31, 1941, adjusted depreciation and depletion reserves as of the same date, net adjusted book cost of plant in service December 31, 1941, depreciation and depletion for 1941, and return at 6½ per cent per annum on net adjusted book cost of plant in service December 31, 1941. The schedule also shows construction work in progress December 31, 1941 and corresponding return at 6½ per cent.

Schedule No. 8 is a reconciliation of the revenues and expenses used in preparing the cost allocation for 1941 and Exhibit No. 63 submitted by an accounting examiner of the Commission.

Schedule No. 9 shows in detail the amounts of operating expenses, depreciation, depletion, taxes, exploration and development costs, and return which make up the cost of service for 1941.

D. General Explanation of Cost Allocation Method, 1941.

1. Grouping of Operations.

For the purpose of allocating costs of service for 1941, the property and operations of Interstate Natural Gas Company, Incorporated have been classified into four groups as follows:

(1) Monroe Field Operations, including the production and purchase of gas in Monroe field, the delivery and sale of gas to three pipe line companies, and the delivery of gas to De Siard Compressor Station, the first compressor station on the Company's main pipe line to Baton Rouge.

(2) Main Line Operations, covering operations from DeSiard Station to Baton Rouge, including the delivery and sale of gas to direct industrial customers, to a public authority, to distribution companies, and to United Gas Pipe Line Company. The gas supply for main line operations includes as produced and purchased by the company in Monroe field and delivered to De Siard Station, gas received from United Gas Pipe Line Company at De Siard Station for transportation to Alto and to Scotland Compressor Station of United Gas Pipe Line Company, and gas delivered from University field to Gulf States Utilities Company at Baton Rouge.

(3) Operations between Baton Rouge and Destrehan, including the purchase of gas in University, La Pice and La Place fields, and the delivery and sale of gas to in-

dustrial customers, to distribution companies, and to United Gas Pipe Line Company. Gas delivered and sold by Interstate to its own customers and to United Gas Pipe Line Company in this area is a commingled mixture of gas from the Monroe, University, La Pice and La Place fields. However, since Interstate delivers to United from University, La Piee and La Place fields sufficient gas to meet the requirements of its customers between Baton Rouge and Destrehan, with an excess remaining for sale to United, and since the agreement between Interstate and United dated August 26, 1940, (Supplement No. 3 to Interstate Natural Gas Company, Inc., Rate Schedule FPC No. 15) provides that gas delivered by Interstate to United from University, La Pice and La Place fields shall be considered first as being delivered for transportation to Interstate's customers and the excess as sold to United, the operations of Interstate between Baton Rouge and Destrehan were treated as though supplied from the University, La Pice and La Place fields for the purpose of the cost of service study.

(4) Joint operations, including the LaFitte-Marrero and Lirette-New Orleans lines operated by United Gas Pipe Line Company for the joint account (50%-50%) of Interstate and United. These operations include the purchase of gas in the La Fitte, Lirette, Lake Long, Raceland, and Du Large fields, and the delivery and sale of gas to direct industrial customers, to a distribution company, and for the account of United Gas Pipe Line Company under its sale agreements with New Orleans Public Service, Inc., and Louisiana Power and Light Company.

2. *Grouping of Costs by Functional Divisions:*

To determine costs of service for each of the four groups into which operations were classified, costs of service were segregated into two classes which are designated for con-

venience as cost of gas produced and purchased and cost of transmission.

Cost of gas produced and purchased has been developed for each of three sources of gas supply, as follows:

Monroe field,
University, La Pice, and La Place fields,
Joint Operations (La Fitte, Lirette, Lake Long, Raceland, and Du Large fields).

Cost of transmission has been developed for each of three sections as follows:

Main line to Baton Rouge,
Baton Rouge to Destrehan,

Joint Operations(La Fitte-Marrero and Lirette-New Orleans lines).

The method of allocating costs into the six functional divisions is described in Part E of this statement.

3. Classification of Costs:

After all of the costs of service had been grouped into the six functional divisions, they were then generally classified as follows:

(1) Demand costs—costs that are predominantly proportional to the demand on or size of plant or which are largely independent of the annual volume of gas delivered.

(2) Commodity costs—costs incurred predominantly in proportion to the annual volume of gas delivered.

4. Determination of Classified Functional Costs by Operating Groups:

After costs had been allocated to each of the six functional divisions, and then classified between demand and commodity, the costs were assembled for each of the four operating groups. The assembled costs for each operating group were allocated to the several customers in the group on the basis of average unit demand and commodity costs for the group. Demand costs were allocated in proportion to deliveries on the system peak day. Commodity costs were allocated in proportion to annual deliveries.

E. Details of Allocation Procedure, 1941.

1. Allocation of Production Operating Expenses:

Schedule No. 5 shows the results of the allocation of production operating expenses between the three functional divisions, which are designated for convenience in Part E of this statement as follows:

Division 1. Monroe field,
Division 2. University, La Pice and La Place fields,
Division 3. La Fitte, Lirette; Lake Long, Raceland and Du Large Fields.

Since the company's gas wells are all located in the Monroe field, all items of operating expense relating to gas wells were assigned wholly to Division 1.

Operating expenses relating to field lines were allocated between Divisions 1 and 2 in proportion to the average adjusted book cost[1] of field lines, excluding rights-of-way.

[1] "Average adjusted book cost" is the average of adjusted book cost as of December 31, 1940 and December 31, 1941.

Operating expenses relating to field measuring and regulating stations were allocated between Divisions 1 and 2 in proportion to the average adjusted book cost of field measuring and regulating station structures and equipment.

Purchased gas expenses (labor, and supplies and expenses) were allocated between Divisions 1 and 2 in proportion to volumes purchased, using MCF on the uniform pressure base of 14.4 lbs. plus 10 oz.

Cost of purchased gas was distributed between the three divisions in accordance with actual amounts paid for purchased gas.

Superintendence was allocated between Divisions 1 and 2 in proportion to total operating labor previously allocated to each division.

2. Allocation of Transmission Operating Expenses:

Schedule No. 6 shows the results of the allocation of transmission operating expenses between the three functional divisions, which are designated for convenience in Part E of this statement as follows:

Division 4. Main line to Baton Rouge,
Division 5. Baton Rouge to Destrehan,
Division 6. Jointly-owned lines (La Fitte-Marrero and Lirette-New Orleans lines).

As shown in Schedule No. 6, compressing station expenses and certain other accounts were assigned wholly to Division 4.

Operating expenses relating to transmission lines were allocated between Divisions 4 and 5 in proportion to the

average adjusted book cost of transmission lines, excluding rights-of-way.

Operating expenses relating to measuring and regulating stations were allocated between Divisions 4 and 5 in proportion to the average adjusted book cost of measuring and regulating station structures and equipment.

Superintendence was allocated between Divisions 4 and 5 in proportion to total operating labor previously allocated to each division.

The amounts allocated to Division 6 represent the total operating expenses of the jointly-owned lines, as shown on the books of the company.

3. Allocation of Administrative and General Expenses:
The following expenses were assigned wholly to Division 4 (Transmission, Main Line): Workmen's compensation insurance, insurance on compressing stations and other structures, telephone system labor, telephone system supplies and expenses, maintenance of telephone system, and maintenance of general structures.

Insurance on boats used in the Monroe Field was assigned to Division 1 (Production, Monroe Field).

The remaining administrative and general expenses were first apportioned 50 per cent to production operations and 50 per cent to transmission operations. The amounts so apportioned to production operations were allocated between Divisions 1, 2, and 3 in proportion to direct charges to each division excluding cost of purchased gas. The amount apportioned to transmission operations was allocated to Divisions 4, 5, and 6 in proportion to direct charges to each division excluding transportation charges paid others.

4. *Allocation of Annual Accruals for Depreciation and Depletion:*

Annual accruals for depreciation and depletion of production and transmission plant were assigned directly to the functional divisions from Schedule No. 7.

Annual accruals for depreciation of the following general plant accounts were assigned wholly to Division 4 (Transmission, Main Line): General structures and improvements, communication equipment (excluding communication equipment on Lirette-New Orleans line), and construction overheads on general plant.

Annual accruals for depreciation of the remaining general plant accounts were allocated on the basis of average adjusted book cost of plant in each functional division, omitting Division 6 (Transmission, Jointly-Owned).

5. *Allocation of Taxes:*

a. Corporation Franchise Taxes:

Corporation franchise taxes were allocated between the six functional divisions in proportion to the average adjusted net book cost of plant after apportionment of general plant.

b. Property taxes:

The company's books of account show the amount of property taxes applicable to "field", "main line", and "general" property.

Taxes applicable to "field" property were allocated between Divisions 1 and 2 in proportion to average adjusted net book cost of production plant in each division. Taxes applicable to "main line" property were allocated between Divisions 4 and 5 in proportion to the average adjusted

net book cost of transmission plant in each division. Taxes applicable to general property were allocated to these four divisions in proportion to the average adjusted net book cost of general plant allocated to these divisions.

c. Severance and Gathering Taxes:

Louisiana severance and gas gathering taxes and drilling permit fees were allocated to Divisions 1 and 2 on the basis of an analysis of the accounts.

d. Payroll Taxes:

The following taxes are included under this caption: Federal old age insurance contributions; and Federal, Louisiana, and Mississippi unemployment compensation taxes. The company's books of account show the amounts of these taxes applicable to field, main line, and general operation.

Taxes applicable to field operations were apportioned between Divisions 1 and 2 in proportion to production operating labor charges previously allocated to each. Taxes applicable to main line operations were apportioned between Divisions 4 and 5 in proportion to transmission operating labor charges previously allocated to each. Taxes applicable to main line operations were apportioned between Divisions 4 and 5 in proportion to transmission operating labor charges previously allocated to each. Taxes applicable to general operations were distributed to Divisions 1, 2, 4, and 5 in proportion to payroll taxes previously allocated to each.

e. Miscellaneous Taxes:

Louisiana mechanical power tax was assigned wholly to Division 4 (Transmission, Main Line).

Louisiana pipe line corporation franchise tax was allocated between Divisions 4 and 5 on the basis of an analysis of tax returns.

f. Federal Capital Stock and Louisiana Income Taxes:
These taxes were allocated to the function divisions in the same proportion as return on the rate base. Louisiana income tax was not adjusted to 6½% return on the rate base.

g. Federal Income and Excess Profits Taxes:
Federal income and excess profits taxes (as adjusted, Schedule No. 2) were allocated to the functional divisions in the same proportion as return on rate base.

6. Allocation of Non-Recurring Expenses
The expense of acidizing wells in Monroe field was assigned to Division 1. All other non-recurring expenses were apportioned to the functional divisions in the same manner as the major portion of administrative and general expenses were allocated.

7. Allocation of Miscellaneous Gas Revenues Credited to Expense:
The allocation of these items to Divisions 1 and 4 is evident from Schedules Nos. 5 and 6.

8. Allocation of Return on Rate Base:
Return on production and transmission plant in service and construction work in progress was assigned directly to the functional divisions from Schedule No. 7.

Return on the following general plant accounts was assigned wholly to Division 4 (Transmision, Main Line): General structures and improvements, communication equipment (excluding communication equipment on

Lirette-New Orleans line), and construction overheads on general plant.

Return on the remaining general plant accounts was allocated on the basis of average adjusted net book cost of plant in each functional division, omitting Division 6 (Transmission, Jointly Owned).

Return on production working capital was allocated to Divisions 1 and 2 in proportion to direct charges to production operating expense, excluding cost of gas purchased.

Return on transmission working capital was allocated to Divisions 4 and 5 in proportion to direct charges to transmission operating expense, excluding transmission charges paid others.

F. Sources of Information.

1. Volume Data:

The volume data used in preparing the cost allocation exhibit were obtained from an examination of company records, and from Exhibit No. 49 submitted in this proceeding by an engineer of the Commission and supporting working papers.

2. Financial Data:

The financial data used in preparing this exhibit were obtained from an examination of company records, and from exhibits submitted in this proceeding by accounting examiners of the Commission and supporting working papers. Schedule No. 7, except for column 6, is a statement prepared by the accounting examiners from their working papers.

Docket G-149. Interstate Natural Gas Company, Inc. Schedule No. 1.

Summary of Cost of Service, 1938 to 1941.

(Cost of Service shown for 1941 both before and after adjustment of federal income taxes.)

Line Number	Description (1)	1938* (2)	1939* (3)	1940* (4)	1941* (5)	1941** (6)
1	*Rate Base*					
2	Adjusted Book Cost of Plant in Service, December 31	$20,310,518.30	$20,507,347.63	$21,235,613.10	$21,387,157.17	$21,387,157.17
3	Less: Adjusted Depreciation and Depletion Reserves, December 31	4,625,899.22	5,204,774.00	5,764,758.11	6,328,933.70	6,328,933.70
4	Net Adjusted Book Cost of Plant in Service, December 31	15,684,619.08	15,302,573.63	15,470,854.99	15,058,223.47	15,058,223.47
5	Add: Construction Work in Progress, December 31	4,451.35	.....	13,438.94	178,550.37	178,550.37
6	Add: Working Capital	347,202.00	347,202.00	347,202.00	347,202.00	347,202.00
7	Total Rate Base	$16,036,272.43	$15,649,775.63	[illegible]31,495.93	$15,583,975.84	$15,583,975.84
8	*Revenues*					
9	Revenue from Sale of Gas	$4,313,006.03	$4,571,805.85	$5,390,446.34	$6,563,539.83	$6,563,539.83
10	Revenue from Transportation of Gas	1,248,979.87	1,289,903.48	1,106,294.01	1,036,533.10	1,036,533.10
11	Total Revenues	$5,561,985.90	$5,861,709.33	$6,496,740.35	$7,600,072.93	$7,600,072.93
12	*Cost of Service*					
13	Operating Expenses	$1,772,842.40	$1,864,164.21	$2,278,169.53	$2,585,701.08	$2,585,701.08
14	Depreciation	480,443.66	497,772.91	502,907.41	524,767.97	524,767.97
15	Depletion	79,162.62	95,669.14	80,413.18	90,128.53	90,128.53
16	Federal Income Taxes	376,720.75	407,597.91	586,621.48	815,032.02	215,472.77
17	Federal Excess Profits Taxes	.....	.....	4,441.91	457,398.01	.....
18	Other Taxes	474,297.65	463,383.29	543,230.82	700,630.50	700,630.50
19	Non-Recurring Expenses	7,735.99	17,954.45	104,987.06	63,299.94	63,299.94
20	Exploration and Development Costs	3,809.35	2,763.41	138,379.12	16,021.77	16,021.77
21	Miscellaneous Gas Revenues Credited to Expense	(17,765.82)	(19,850.59)	(17,511.30)	(19,783.60)	(19,783.60)
22	Return on Rate Base at 6½ Per Cent Per Annum	1,042,357.71	1,017,235.42	1,029,047.23	1,021,958.43	1,012,958.43
23	Total Cost of Service	$4,219,604.31	$4,346,690.15	$5,250,686.44	$6,246,154.65	$5,189,197.39
24	Excess of Revenues Over Cost of Service	$1,342,381.59	$1,515,019.18	$1,246,053.91	$1,353,918.28	$2,410,875.54

* Cost of service includes federal income and excess profits taxes payable based on actual revenues.
** Cost of service includes federal income and excess profits taxes adjusted to a 6½ per cent on rate base.

Docket G-149. Interstate Natural Gas Company, Incorporated. Schedule No. 2.

Determination of Federal Income and Excess Profits Taxes Payable With Return at 6½ Per Cent Per Annum, 1941.

Line Number	Item	Amount
1	Net income for excess profits tax; per company return	$3,087,340.03
2	Specific exemptions (average income basis), per company returns	2,248,343.35
3	Amount subject to excess profits tax, per company return	838,996.68
4	Excess profits tax, per company return	457,398.01
5	Net income for excess profits tax, per company return	3,087,340.03
6	Excess profits tax, per company return	457,398.01
7	Amount subject to income tax, per company return	2,629,942.02
8	Income tax (First $25,000 @ 30%, remainder @ 31%) per return	815,032.02
9	Revenues, per cost of service study	7,600,072.93
10	Cost of service, including above taxes and 6½% return	6,246,154.65
11	Difference	1,353,918.28
12	If revenues were reduced by amount in excess of 6½% return, no excess profits tax would be payable. Income tax which would be payable is recomputed below.	
13	Net income, per company return	3,087,340.03
14	Plus Louisiana natural gas sales tax, refunded in 1942, per company return	19,415.41
15	Revised income tax base, before revenue reduction	3,106,755.44
16	Revised income tax before revenue reduction (30% on first $25,000 31% on remainder)	962,844.19
17	Revenues, per cost of service study	7,600,072.93
18	Cost of service, excluding Federal income and excess profits taxes and 6½% return	3,960,766.19
19	Revised income tax (from line 16)	962,844.19
20	Total of lines 18 and 19	4,923,610.38
21	Net Utility income, revised (line 17 less line 20)	2,676,462.55
22	Return @ 6½% per annum	1,012,958.43
23	Excess of revenues, before tax saving	1,663,504.12
24	Excess of revenues after tax saving (line 23 ÷ 0.69)	2,410,875.54
25	Income tax adjusted to 6½% return on rate base (line 19—[line 24 — line 23])	215,472.77
26	Net income for tax purposes, before revenue reduction (line 15)	3,106,755.44
27	Reduction in revenues (line 24)	2,410,875.54

Docket G-149. Interstate Natural Gas Company, Inc. Schedule No. 3.

Summary of Cost Allocation, With Return @ 6½ Per Cent Per Annum and With Corresponding Federal Income and Excess Profits Taxes, 1941.

Line Number	Class of Business (1)	Annual Volumes MCF* (2)	Revenues (3)	Cost of Service (4)	Excess of Revenues Over Cost of Service (5)	Average Revenue Cents Per MCF* (6)	Average Cost of Service Cents Per MCF* (7)
1	Sale of Gas to Industrial Customers	32,062,156	$3,689,533 9	$2,674,455.57	$1,015,077.72	11.51	8.34
2	Sale of Gas to Public Authority	277,045	46,807.5	26,786.58	20,020.47	16.90	9.67
3	Sale of Gas to Distribution Companies	1,929,366	380,947.42	245,464.70	135,482.72	20.26	12.72
4	Sale of Gas to Pipe Line Companies	32,618,561	2,446,252.07	1,553,062.64	893,189.43	7.50	4.76
5	Transportation of Gas for United Gas Pipe Line Company	16,147,101	1,036,533.10	689,427.90	347,105.20	6.42	4.27
6	Total	83,034,229	$7,600,072.93	$5,189,197.39	$2,410,875.54		

* MCF at 14.4 lbs. plus 10 oz.

Line Number	Customer (1)	Location (2)	Annual Volumes MCF* (3)	System Peak Day Volumes MCF* (4)	Revenue (5)	Cost of Service (6)	Excess of Revenue Over Cost of Service (7)	Average Revenue Cents Per MCF* (8)	Average Cost of Service Cents Per MCF* (9)
1	*Sales From Lines in Monroe Field*								
2	Direct Industrial Sale (Well Drilling)		1,300	.....	$ 200.00	$ 60.56	$ 139.44	15.38	4.66
3	Sales to Pipe Line Company for Resale:								
4	Mississippi River Fuel Corporation	Perryville Station, La.	8,257,283	.....	686,012.17	384,682.70	301,329.47	8.31	4.66
5	Southern Natural Gas Company	Perryville Station, La.	9,609,006	.....	594,458.78	447,655.53	146,803.25	6.19	4.66
6	U. G. P. L. Co. (a/c Memphis Natural Gas Company)	Guthrie Station, La.	3,996,989	.....	334,396.53	186,208.05	148,188.48	8.37	4.66
7	Total Sales to Pipe Line Companies		21,863,278	.....	1,614,867.48	1,018,546.28	596,321.20	7.39	4.66
8	Total Sales in Monroe Field		21,864,578	.....	1,615,067.48	1,018,606.84	596,460.64	7.39	4.66
9	*Sales From Main Line to Baton Rouge* (a)								
10	Direct Industrial Sales:								
11	Concordia Parish Gin	Ferriday, La.	.....	.....	.....	.....	.....	....	....
12	Ethyl Gasoline Corporation	Baton Rouge, La.	.....	.....	.....	.....	.....	....	....
13	Gulf States Utilities Company (Power Plant)	Baton Rouge, La.	.....	.....	.....	.....	.....	....	....
14	The Solvay Process Company	Baton Rouge, La.	.....	.....	.....	.....	.....	....	....
15	Standard Oil Company of Louisiana	Baton Rouge, La.	.....	.....	.....	.....	.....	....	....
16	Total Direct Industrial Sales		27,096,213	93,097	3,186,076.03	2,289,301.60	896,774.43	11.76	8.45
17	Sales to Public Authority:								
18	East Louisiana State Hospital	Jackson, La.	277,045	1,398	46,807.05	26,786.58	20,020.47	16.90	9.67
19	Sales to Distribution Companies for Resale:								
20	Louisiana Power and Light Company	Gilbert, La.	7,241	66	1,919.60	923.59	996.31	26.51	12.75
21	Louisiana Power and Light Company	Wisner, La.	8,689	89	2,349.30	1,182.19	1,167.11	27.04	13.61
22	Peck Gas Company	Peck, La.	1,021	5	254.80	97.57	157.23	24.96	9.56
23	Sicily Island Gas Company, Inc.	Sicily Island, La.	13,610	93	3,521.70	1,500.16	2,021.54	25.88	11.02
24	Louisiana Power and Light Company	Ferriday, La.	27,594	247	8,533.70	3,484.29	5,049.41	30.93	12.63
25	Town of Vidalia	Vidalia, La.	13,961	135	4,082.80	1,838.85	2,243.95	29.24	13.17
26	Mississippi Power and Light Company	Natchez, Miss.	459,106	2,771	96,788.28	47,831.00	48,957.28	21.08	10.42
27	Buffalo Gas Company	Wilkinson, Miss.	1,298	13	452.20	174.36	277.84	34.84	13.43
28	Town of Woodville	Woodville, Miss.	22,917	187	7,181.55	2,756.34	4,425.21	31.34	12.03
29	Town of Centerville	Centerville, Miss.	4,875	62	1,657.50	754.67	902.83	34.00	15.48
30	Town of Jackson	Jackson, La.	8,187	73	2,515.25	1,031.61	1,483.64	30.72	12.60
31	Town of St. Francisville	St. Francisville, La.	9,831	105	3,052.42	1,370.16	1,682.26	31.05	13.94
32	Town of Zachary	Zachary, La.	8,270	81	2,640.45	1,097.08	1,543.37	31.93	13.27
33	Gulf States Utilities Company	Baton Rouge, La.	1,239,534	13,233	214,222.01	172,709.39	41,512.62	17.28	13.93
34	Total Sales to Distribution Companies for Resale		1,826,134	17,160	349,171.56	236,750.96	112,420.60	19.12	12.96

Docket G-149. Interstate Natural Gas Company, Inc. Schedule No. 4.

Cost of Service, By Customers and Locations, With Return at 6½ Percent Per Annum and With Corresponding Federal Income and Excess Profits Taxes, 1941.

Line Number	Customer (1)	Location (2)	Annual Volumes MCF* (3)	System Peak Day Volumes MCF* (4)	Revenue (5)	Cost of Service (6)	Excess of Revenue Over Cost of Service (7)	Average Revenue Cents Per MCF* (8)	Average Cost of Service Cents Per MCF* (9)
36	*Sales From Lines Between Baton Rouge and Destrehan* (a)								
37	Direct Industrial Sales:								
38	DeHass-Eby Lumber Company	Sorrento, La.	.....	.....	.....	.....	.....	....	....
39	Colonial Sugars Company	Gramercy, La.	.....	.....	.....	.....	.....	....	....
40	Godchaux Sugars, Inc.	Reserve, La.	.....	.....	.....	.....	.....	....	....
41	Shell Oil Company	Norco, La.	.....	.....	.....	.....	.....	....	....
42	General American Transport Corporation	Goodhope, La.	.....	.....	.....	.....	.....	....	....
43	Total Direct Industrial Sales		4,737,827	8,324	477,307.25	375,741.05	101,566.20	10.07	7.93
44	Sales to Distribution Companies for Resale:								
45	Suburban Utilities, Inc.	Baton Rouge, La.	33,906	397	10,883.25	2,889.67	7,993.58	32.10	8.52
46	Gulf States Utilities Company	Inniswold, La.	889	8	307.65	74.15	233.50	34.61	8.34
47	Village of Gonzales	Gonzales, La.	12,583	101	3,896.25	1,041.37	2,854.88	30.96	8.28
48	Norco Gas & Fuel Company, Inc.	Gramercy, La.	7,802	108	2,122.00	676.08	1,445.92	27.20	8.67
49	Reserve Public Utilities Corporation	Reserve, La.	16,990	166	5,281.05	1,425.93	3,855.12	31.08	8.39
50	The La Place Gas & Fuel Company, Inc.	La Place, La.	6,840	49	2,189.05	562.12	1,626.93	32.00	8.22
51	Norco Gas & Fuel Company, Inc.	Norco, La.	20,819	192	5,985.10	1,739.65	4,245.45	28.75	8.36
52	Norco Gas & Fuel Company, Inc.	New Sarpy, La.	958	11	311.35	81.51	229.84	32.50	8.51
53	Norco Gas & Fuel Company, Inc.	Destrehan, La.	2,240	21	729.45	187.40	542.05	32.56	8.37
54	Total Sales to Distribution Companies for Resale		103,027	1,053	31,705.15	8,677.88	23,027.27	30.77	8.42
55	Total Sales Between Baton Rouge and Destrehan		4,840,854	9,377	509,012.40	384,418.93	124,593.47	10.51	7.94

Total Sales Between Baton Rouge and [illegible]								
Sales From Jointly-Owned Lines (a)								
Direct Industrial Sales:								
Godchaux Sugars, Inc.	Raceland, La.	.....	.....	.....	.....	.....	....	....
Valentine Sugars, Inc.	Valentine	.....	.....	.....	.....	.....	....	....
The California Company		.....	.....	.....	.....	.....	....	....
The Texas Pipe Line Company		.....	.....	.....	.....	.....	....	....
Total Direct Industrial Sales		226,816	212	25,950.01	9,352.36	16,597.65	11.44	4.12
Sales to Distribution Company for Resale:								
Norco Gas & Fuel Company, Inc.	St. Rose, La.	205	10	70.71	35.86	34.85	34.49	17.49
Total Sales from Jointly-Owned Lines		227,021	222	26,020.72	9,388.22	16,632.50	11.46	4.14
Sales to United Gas Pipe Line Company for New Orleans Area								
From Main Line to Baton Rouge		1,664,260	(b)	61,282.76	77,552.09	(16,269.33)	3.68	4.66
Between Baton Rouge and Destrehan		3,149,494	(c)	115,973.27	148,698.92	(32,725.65)	3.68	4.72
From Jointly-Owned Lines		5,941,529	28,200	654,128.56	308,265.35	345,863.21	11.01	5.19
Total Sales to United Gas Pipe Line Company		10,755,283	28,200	831,384.59	534,516.36	396,868.23	7.73	4.97
Transportation of Gas for United Gas Pipe Line Company								
From Monroe Field to Alto, La.		165,113	1,349	$ 3,264.24	$ 12,177.80	$(8,913.56)	1.98	7.38
From Monroe Field to Scotland Station, Baton Rouge, La.		15,981,988	64,376	1,033,268.86	677,250.10	356,018.76	6.47	4.24
Total Transportation for United Gas Pipe Line Company		16,147,101	65,725	1,036,533.10	689,427.90	347,105.20	6.42	4.27
Total		83,034,229	215,179	$7,600,072.93	$5,189,197.39	$2,410,875.54		

* MCF at 14.4 lbs. plus 10 oz.
(a) Excluding sales to United Gas Pipe Line Company for New Orleans area.
(b) Included in volume shown on line 73, column 4.
(c) Deliveries made from field lines (11,641 MCF*).

Docket G-149. Interstate Natural Gas Company, Inc. Schedule 5.

Cost of Gas Produced and Purchased, 1941. Sheet 1 of 2.

Line Number	Description (1)	Total (2)	Monroe Field (3)	University, La Pice and La Place Fields (4)	Jointly Owned Lines (5)
1	*Production Expense—Operation*				
2	Superintendence Labor	$ 959.02	$ 873.16	$ 85.86	$.....
3	Gas Well Labor	7,575.86	7,575.86	.....	.....
4	Gas Supplies and Expenses	1,138.39	1,138.39	.....	.....
5	Field Line Labor	8,810.03	7,767.77	1,042.26	.....
6	Field Line Supplies and Expenses	2,888.87	2,547.11	341.76	.....
7	Field Meter and Regulator Station Labor	13,948.96	12,766.31	1,182.65	.....
8	Field Meter and Regulator Station Supplies and Expenses	812.51	743.62	68.89	.....
9	Total Operation Expenses	$36,133.64	$33,412.22	$2,721.42	.....
10	*Production Expense—Maintenance*				
11	Maintenance of Field Meter and Regular Station Structures	$ 567.10	$ 519.02	$ 48.08	.....
12	Maintenance of Field Meter and Regulator Station Equipment	3,442.00	3,150.17	291.83	.....
13	Maintenance of Gas Wells Equipment	5,422.73	5,422.73	.....	.....
14	Maintenance of Field Line Equipment	11,118.10	9,802.79	1,315.31	.....
15	Total Maintenance	$20,549.93	$18,894.71	$1,655.22	$.....
16	*Production Expense—Miscellaneous*				
17	Gas Well Royalties	$42,547.42	$42,547.42	.....	.....
18	Gas Consumed in Operations	(24,885.66)	(24,885.66)	.....	.....
19	Transportation Charges Paid Others	661.00	661.00	.....	.....
20	Total Miscellaneous	$18,322.76	$18,322.76	$.....	$.....
21	*Production Expense—Other*				
22	Gas Purchased	$1,789,201.33	$1,244,143.70	$330,154.32	$214,903.31
23	Gas Purchased Expense—Labor	2,731.46	1,996.11	735.35	.....
24	Gas Purchased Expense—Supplies and Expenses	279.82	204.49	75.33	.....
25	Total Other	$1,792,212.61	$1,246,344.30	$330,965.00	$214,903.31
26	*Administrative and General Expenses (Allocated)*	$105,919.02	$ 98,042.22	$6,976.80	$.....
27	*Depreciation*				
28	Depreciation, Production Plant	$ 82,218.02	$ 77,345.62	$4,872.40	.....
29	Depreciation, General Plant (Allocated)	5,813.14	5,658.41	154.73	.....
30	Total	$ 88,031.16	$ 83,004.03	$5,027.13	$.....
31	*Depletion*	$ 90,128.53	$ 90,128.53	$	$

Docket G-149. Interstate Natural Gas Company, Inc. Schedule 5.

Cost of Gas Produced and Purchased, 1941. Sheet 2 of 2.

Line Number	Description (1)	Total (2)	Monroe Field (3)	University, La Pice and La Place Fields (4)	Jointly Owned Lines (5)
32	*Taxes*				
33	Property Taxes	$ 18,847.41	$ 18,296.66	$ 550.75	$.....
34	Severance Tax	84,044.45	84,044.45	.....	.....
35	Gathering Tax	245,538.85	203,445.45	42,093.40	.....
36	Drilling Permit Fees	400.00	400.00	.....	.....
37	Payroll Taxes	2,804.22	2,597.15	207.07	.....
38	Corporation Franchise Taxes	6,058.13	5,881.10	177.03	.....
39	Louisiana Income and Federal Capital Stock Taxes	38,614.10	37,514.04	1,100.06	.....
40	Federal Income and Excess Profits Taxes (a)	79,906.73	77,630.30	2,276.43	.....
41	Total Taxes	$476,213.89	$429,809.15	$46,404.74	$.....
42	*Non-Recurring Expenses (Allocated)*	$ 39,058.81	$ 37,447.04	$ 1,611.77	$.....
43	*Exploration and Development Costs*	$ 16,021.77	$ 16,021.77	$.....	$.....
44	*Other Gas Revenues (Credit)*				
45	Transportation of Gas for Southern Carbon Company	$(175.01)	$(175.01)	$.....	$.....
46	Transportation of Gas for United Carbon Company	(593.93)	(593.93)	.....	.....
47	Revenue from Lease of Gas Lands and Gas Rights	(1,575.46)	(1,575.46)	.....	.....
48	Royalties	(1,301.22)	(1,301.22)	.....	.....
49	Sand and Gravel Royalties	(1,706.50)	(1,706.50)	.....	.....
50	Sale of Timber, Damages, Sale of Rights-of-Way	(869.76)	(869.76)	.....	.....
51	Total Revenues Credited to Expense	$(6,221.88)	$(6,221.88)	$.....	$.....
52	*Return at 6½% Per Annum on Plant in Service*				
53	Production Plant	$363,348.66	$352,864.13	$10,484.53	$.....
54	General Plant (Allocated)	2,164.67	2,102.21	62.46	.....
55	Total Return	$365,513.33	$354,966.34	$ 10,546.99	$.....
56	*Return at 6½% Per Annum on Construction Work in Progress*	$ 7,809.15	$ 7,809.15	$.....	$.....
57	*Return at 6½% Per Annum on Working Capital*	$ 2,326.81	$ 2,172.10	$ 154.71	$.....
58	*Total Cost of Gas Produced and Purchased*				
59	Excluding Federal Income and Excess Profits Taxes	$2,971,212.80	$2,352,522.14	$403,787.35	$214,903.31
60	Including Federal Income and Excess Profits Taxes	3,051,119.53	2,430,152.44	406,063.78	214,903.31

Line Number	Description (1)	Adjusted Book Cost Dec. 31, 1941 (2)	Adjusted Reserve Dec. 31, 1941 (3)	Net Adjusted Book Cost Dec. 31, 1941 (4)	Annual Depreciation or Depletion 1941 (5)	Return at 6½% Per Annum on Net Adjusted Book Cost Dec. 31, 1941 (6)
1	*Natural Gas Production Plant—Monroe Field*					
2	Natural Gas Acreage:					
3	Operated	$3,144,948.76	$527,236.60	$2,617,712.16	$ 90,128.53	$170,151.29
4	Unoperated	549,441.38	.....	549,441.38	.....	35,713.69
5	Total	3,694,390.14	527,236.60	3,167,153.54	90,128.53	205,864.98
6	Natural Gas Wells	1,269,459.42	175,491.45	1,093,967.97	37,665.61	71,107.92
7	Other Production Property:					
8	Other Land and Land Rights	15,083.88	.....	15,083.88	.....	980.45
9	Other Production System Structures	6,517.76	821.05	5,696.71	196.14	370.29
10	Field Line Rights-of-Way	25,867.52				
11	Field Lines, Construction and Equipment	1,126,161.87	163,632.50	1,101,508.87	37,925.28	71,598.08
12	Field Measuring and Regulating Station Structures	13,947.61				
13	Field Measuring and Regulating Station Equipment	99,164.37				
14	Total	1,286,743.01	164,453.55	1,122,289.46	38,121.42	72,948.82
15	Construction Overheads	54,880.84	9,612.97	45,267.87	1,558.59	2,942.41
16	Total Production Plant—Monroe Field	6,305,473.41	876,794.57	5,428,678.84	167,474.15	352,864.13
17	*Natural Gas Production Plant—University, La Pice and La Place Fields*					
18	Field Line Rights-of-Way	10,219.59				
19	Field Lines, Construction and Equipment	150,064.39				
20	Field Measuring and Regulating Station Strustures	646.21				
21	Field Measuring and Regulating Station Equipment	9,598.17				
22	Total Production Plant—University, La Pice and La Place Fields	170,528.36	9,227.88	161,300.48	4,872.40	10,484.53
23	Total Natural Gas Production Plant	6,476,001.77	886,022.45	5,589,979.32	172,346.55	363,348.66
24	*Natural Gas Transmission Plant—Main Line to Baton Rouge*					
25	Land	31,740.91		31,740.91	.....	2,063.16
26	Rights-of-Way	212,316.90	80,952.98	131,363.92	6,070.96	8,538.65
27	Pumping Station Structures	582,970.97	217,835.95	365,135.02	16,625.68	23,733.78
28	Measuring and Regulating Station Structures	22,779.73	3,657.86	19,121.87	650.49	1,242.92
29	Other Transmission System Structures	176,949.21	68,821.91	108,127.30	5,042.80	7,028.27
30	Mains	11,287,421.54	4,311,698.69	6,975,722.85	322,769.04	453,421.99
31	Pumping Station Equipment	1,613,552.99	558,246.26	1,055,306.73	46,414.05	68,594.93
32	Measuring and Regulating Station Equipment	53,129.60	9,711.79	43,417.81	1,524.77	2,822.16
33	Construction Overheads	120,081.83	41,206.21	78,875.62	3,334.3[illegible]	5,126.92
34	Total Transmission Plant—Main Line to Baton	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Line Number	Description (1)	Adjusted Book Cost Dec. 31, 1941 (2)	Adjusted Reserve Dec. 31, 1941 (3)	Net Adjusted Book Cost Dec. 31, 1941 (4)	Annual Depreciation or Depletion 1941 (5)	Return at 6½% Per Annum on Net Adjusted Book Cost Dec. 31, 1941 (6)
	Natural Gas Transmission Plant—Baton Rouge to Destrehan					
35	Rights-of-Way	$ 85.75	$ 34.48	$ 51.27	$ 2.45	$ 3.33
36	Mains	26,373.74	10,380.47	16,043.27	754.22	1,042.82
37	Measuring and Regulating Station Structures	2,455.75	442.02	2,013.73	67.53	130.89
38	Measuring and Regulating Station Equipment	9,347.99	2,158.04	7,189.95	297.32	467.35
39	Total Transmission Plant—Baton Rouge to Destrehan	38,263.23	12,965.01	25,298.22	1,121.52	1,644.39
40	*Natural Gas Transmission Plant—Jointly Owned*					
41	Rights-of-Way	45,374.77	1,936.46	43,438.31	1,292.66	2,823.49
42	Mains	419,247.68	17,485.74	401,761.94	11,972.62	26,114.52
43	Measuring and Regulating Station Structures	5,777.20	234.39	5,542.81	158.50	360.28
44	Measuring and Regulating Station Equipment	14,400.51	454.26	13,946.25	390.20	906.51
45	Other Transmission System Equipment	2,446.48	104.95	2,341.53	69.97	152.20
46	Communication Equipment (Part of General Plant)	21,272.97	889.92	20,383.05	597.06	1,324.90
47	Total Transmission Plant—Jointly Owned	508,519.61	21,105.72	487,413.89	14,481.01	31,681.90
48	Total Transmission Plant	14,647,726.52	5,326,202.38	9,321,524.14	418,134.66	605,899.07
49	*General Plant*					
50	Structures and Improvements	4,178.46	(342.50)	4,520.96	110.47	293.86
51	Office Furniture and Equipment	26,222.81	7,010.16	19,212.65	1,275.39	1,248.82
52	Transportation Equipment	55,017.71	27,772.24	27,245.47	15,270.03	1,770.96
53	Stores Equipment	3,925.72	1,673.16	2,252.56	219.20	146.42
54	Laboratory Equipment	345.20	207.02	138.18	13.81	8.98
55	Tools and Work Equipment	11,848.98	4,963.91	6,885.07	638.82	447.53
56	Communication Equipment (a)	132,585.17	77,609.57	54,975.60	5,540.83	3,573.41
57	Miscellaneous Equipment	26,729.16	(3,469.14)	30,198.30	1,243.71	1,962.89
58	Construction Overheads	2,575.67	1,284.45	1,291.22	103.03	83.93
59	Total General Plant	263,428.88	116,708.87	146,720.01	24,415.29	9,536.80
60	Total Plant in Service	21,387,157.17	6,328,933.70	15,058,823.47	614,896.50	978,784.53
61	*Construction Work in Progress*					
62	Production Plant—Monroe Field	120,140.79	.....	120,140.79	.....	7,809.15
63	Transmission Plant—Jointly Owned	58,409.58	.....	58,409.58	.....	3,796.62
64	Total Construction Work in Progress	$178,550.37	.....	$178,550.37	.....	$11,605.77

COPY OF STIPULATION AND PLAN FOR NATURAL GAS PIPE LINE TO THE ST. LOUIS DISTRICT, DATED JUNE 26, 1928, AND SUPPLEMENTED BY PRODUCERS GROUP AGREEMENT, DATED DECEMBER 17, 1928.

Federal Power Commission. Docket No. G-132 et al. Hearing Ex. No. 89. 6/23/42.

Federal Power Commission. Docket No. ..... Exhibit No. 89 (for Identification). Date Identified 6/23/42.

Plan for Natural Gas Pipe Line to the St. Louis District, June 26, 1928.

1. Parties to the plan:

Standard Oil Co., a New Jersey corporation, hereinafter sometimes called "Standard."

Columbian Carbon Co., a Delaware corporation, and/or affiliated interests, hereinafter sometimes called "Columbian."

United Carbon Co., a Delaware corporation, hereinafter sometimes called "United."

Electric Power & Light Corporation, a Maine corporation, and/or affiliated interests, hereinafter sometimes called "Electric."

Moody Seagraves Co., a Texas corporation, and/or affiliated interests, hereinafter sometimes called "Moody Seagraves."

The parties are sometimes hereinafter referred to collectively as "Syndicate" or "Members of the syndicate."

2. Members of the syndicate (other than the Standard and/or its associated companies) severally have acquired certain lands, leases, and gas-purchase contracts in the Monroe or Richland gas fields in the State of Louisiana, and the Standard or some company designated by it for the purpose, has acquired or will acquire certain lands, leases, and gas-purchase contract in said fields which in the aggregate are believed to furnish ample reserves to insure a supply of gas for the market hereinafter referred to, and the parties desire to cooperate with each other in the construction and operation of the pipe line to said market and the furnishing of natural gas for the entire requirement of said pipe line.

The approximate acreage owned or leased by each party (other than the Standard) and/or its associated companies, and the approximate acreage which the Standard will cause companies designated by it to own or lease within each of said fields is as follows:

Company	Monroe Field	Richland Field
Standard	52,000	8,000
Columbian	54,000	8,000
United	22,000	3,000
Electric	43,000	4,000
Moody Seagraves	8,000	20,000

3. Certain of the parties have heretofore caused to be organized under the laws of Delaware, a corporation known as Mississippi Valley Gas Corporation, for the purpose of constructing, owning, and operating a pipe line to the St. Louis district.

Said corporation is hereinafter sometimes referred to as "the pipe line corporation."

4. The parties will participate in the financing of the pipe line corporation and the ownership of the initial capital stock of said corporation in the following proportion:

	Percent
Standard	25
Columbian	19
United	15
Electric	18
Moody Seagraves	23

Any subsequent issues of capital stock of the pipe line corporation (except such stock, if any, as may be issued pursuant to warrants or subscription rights attached to or contained in bonds) shall first be offered pro rata to the stockholders of such corporation at the time of such issue. If any stockholder declines to take all or any part of his pro-rata participation in such stock, the amount not taken by such stockholders shall be offered to the other stockholders ratably before it is otherwise disposed of.

The pipe line corporation shall have not less than five (5) directors elected by the stockholders, and provisions for cumulative voting shall be maintained.

Each member of the syndicate shall have the right to designate a representative of the board of directors of the pipe line corporation to serve until the next annual stockholders' meeting thereof.

The parties have agreed that Palmer Corporation of Louisiana shall be invited to become a member of the syndicate with a ten percent (10%) participation in said financing and ownership of stock. In case said Palmer

Corporation shall accept such membership and participation, the percentages of the parties above named shall be reduced pro rata, so that in such case the revised percentages shall be—

	Percent
Standard	22.5
Columbian	17.1
United	13.5
Electric	16.2
Moody Seagraves	20.7
Palmer	10.0

In case said Palmer Corporation shall become a member of the syndicate, the number of directors of the pipe-line corporation shall be not less than six (6), and said Palmer Corporation shall have the right to designate one director, as above provided.

5. The syndicate shall cause the pipe-line corporation to enter into contracts and supplemental contracts with the members of the syndicate, respectively, or their respective nominees, to furnish to the pipe-line corporation such natural gas as may be required by the pipe-line corporation, which said contracts shall be substantially in the forms hereto annexed and marked "Exhibits A and B."

The percentages of the total requirements of said pipe line to be supplied by the respective members of the syndicate, or nominees, from the acreage above referred to, shall be as follows:

	Percent
Standard	22
Columbian	21
United	17
Electric	20
Moody Seagraves	10

The Palmer Corporation of Louisiana, if it becomes a member of the syndicate, is to be offered the right to supply the remaining ten percent (10%) of the requirements of said pipe line, upon the same terms and conditions as are set forth in said exhibits A and B. If said Palmer Corporation shall not accept said offer, said remaining ten percent (10%) is to be supplied from such sources as the pipe-line corporation may hereafter determine.

6. All expenses incurred after June 21, 1928, in respect of such pipe-line project shall be borne by the members of the syndicate in the same respective percentages as are hereinbefore provided with reference to the ownership of stock in the pipe-line corporation. If the construction of such pipe line shall be financed, the respective parties shall be repaid for said expenses out of the proceeds of such financing.

7. The parties agree in principle upon the plan of proceeding immediately to solicit contracts for the supply of natural gas to industrial consumers in the St. Louis district, and particularly in East St. Louis, Granite City, and the adjoining industrial area lying east of the Mississippi River. For this purpose it is contemplated Standard will supply the services of several gas salesmen and engineers from its subsidiary gas corporations, and Moody Seagraves will supply the services of certain of its engineers. The salary and expenses of such gas salesmen and engineers, while engaged upon the St. Louis project, and the retainer and expenses of such attorneys as may be employed in connection with such project, shall be borne by the members of the syndicate in the proportions set forth in paragraph numbered 6 hereof.

8. The parties further agree in principle that Electric and/or its subsidiary or affiliated corporations supplying electricity and/or artificial gas in cities and towns in Arkansas and western Tennessee shall be accorded the first opportunity to purchase gas from the pipe line for distribution and/or use in such cities and towns, upon as favorable terms as said pipe-line corporation is willing to grant to any other individual, firm, or corporation in such cities or towns.

9. Subject to the provisions of this agreement, members of the syndicate agree to be bound by the action of a majority of the whole number of the board of directors of the pipe-line corporation, provided that such majority shall include the director designated by Standard, as to the following matters:

(a) The prices and terms of proposed contracts for the sale of gas;

(b) The decision as to whether and when contracts shall have been obtained for the sale of a sufficient volume of gas to justify proceeding with the construction of said pipe line;

(c) The financial structure of the pipe-line corporation, including the procuring of funds for the construction of said pipe line and other corporate purposes, by means of corporate loans, issue of bonds, and/or sale of stock of said corporation;

(d) The organization, financial structure, and financing of any other corporation or corporations for the purpose of distributing said gas;

(e) The purchase of pipe and other materials, acquisition of right-of-way, and letting of contracts for construction of said pipe line;

(f) All other matters necessary or proper for the consummation of said project of constructing a natural-gas pipe line from the Monroe and Richland fields to the St. Louis district, whether or not the same are of the kind above specifically enumerated.

10. The term of this agreement shall be until December 31, 1928, unless prior to said date the syndicate shall have definitely decided to proceed with the actual construction of said pipe line, or shall have decided by unanimous consent to abandon said project and terminate this agreement. Until this agreement shall expire by limitation or be terminated by unanimous consent, each member of the syndicate agrees to use his best endeavor for the successful acomplishment of said project.

In witness whereof the parties hereto have caused these presents to be signed, sealed, attested, and delivered as of the 28th day of June 1928.

(Seal) STANDARD OIL CO.,
By S. B. HUNT.

Attest:
C. T. WHITE,
Secretary.

(Seal) COLUMBIAN CARBON CO.,
By EDWIN BINNEY,
Vice President.

Attest:
REID L. CARR,
Secretary.

(Seal) UNITED CARBON CO.,
By OSCAR NELSON,
President.

Attest:
G. A. WILLIAMS,
Secretary.

(Seal) ELECTRIC POWER & LIGHT CORPORATION,
By E. W. HILL,
Vice President.

Attest:
E. P. SUMMERSON,
Secretary.

(Seal) MOODY SEAGRAVES CO.,
By O. R. SEAGRAVES,
Vice President.

Attest:
WARREN J. DALE,
Assistant Secretary.

We hereby accept membership in the syndicate as provided in the above agreement.

PALMER CORPORATION OF LOUISIANA,
By N. C. McGOWEN,
Vice President.

Attest:

.....
Secretary.

Syndicate or Producers' Group and Mississippi River Fuel Corporation, December 17, 1928.

This agreement, made the 17th day of December 1928 between Standard Oil Co., a New Jersey corporation, hereinafter called "Standard"; Columbian Carbon Co., a Delaware corporation, and/or affiliated interests hereinafter called "Columbian"; United Carbon Co., a Delaware corporation, hereinafter called "United"; Electric Power & Light Corporation, a Maine corporation, and/or affiliated interests, hereinafter called "Electric"; Moody Seagraves Co., a Texas corporation, and/or affiliated interests, hereinafter called "Moody Seagraves"; and Palmer Corporation of Louisiana, a Delaware corporation, hereinafter called "Palmer" (said parties being hereafter sometimes referred to collectively as the "syndicate" or "members of the syndicate"); and Mississippi River Fuel Corporation, a Delaware corporation, hereinafter referred to as the "corporation", witnesseth:

Recitals.

1. The five parties first above named entered into a certain plan or preliminary agreement dated June 26, 1928, looking toward the construction of a natural-gas pipe line from the Monroe and Richland gas fields in the State of Louisiana to the St. Louis district, which said plan or agreement is hereinafter referred to as the "St. Louis plan." Pursuant to paragraph 4 of said St. Louis Plan, said parties have invited Palmer to become a member of the syndicate with a ten percent (10%) participation and Palmer has accepted such membership and participation.

2. The corporation has obtained contracts for the sale of natural gas to industrial consumers in the St. Louis

district (including East St. Louis, Granite City, and Alton, Ill.), to an aggregate volume estimated at a minimum of 27,000,000 and a maximum of 40,000,000 cubic feet per day; and the members of the syndicate have decided that said contracts are sufficient to justify the construction of said pipe line.

3. The members of the syndicate believe that it is more advantageous to the project to postpone decision as to the financial structure of the corporation and the issue and sale of bonds to the public, until said project is further advanced, and meanwhile to provide the funds necessary to carry the construction of said pipe line to partial completion.

Now, in consideration of the premises, and of the mutual promises and agreements herein contained, it is agreed:

1. The corporation hereby agrees to construct said pipe line from the Monroe and Richland gas fields to the St. Louis district, and the members of the syndicate severally agree to participate in the financing thereof in the manner and to the extent hereinafter stated and in the supply of gas thereto, all upon the terms and conditions more particularly set forth in paragraphs numbered 2 to 9 of the St. Louis plan, which are hereby made a part of this agreement.

2. The members of the syndicate severally agree, each for itself and not for any other or others, upon the terms and conditions hereinafter stated to advance to the corporation such amounts as the corporation may require for the construction of said pipe line and/or working capital up to but not exceeding the amounts hereinafter set forth, viz:

Standard	$2,250,000
Columbian	1,710,000
United	1,350,000
Electric	1,620,000
Moody Seagraves	2,070,000
Palmer	1,000,000
Total	$10,000,000

Such advances shall be made pro rata in cash at such dates and in such sums or installments as the board of directors of the corporation may from time to time require.

The corporation agrees to repay to the members of the syndicate said respective advances with interest at the rate of six percent (6%) per annum as aforesaid on the 1st day of January 1930, provided that the corporation shall have the right at its option at any time or from time to time prior to said date to repay all or any part of said advances, with interest to the date of payment, in cash and/or by the issue to the respective members of the syndicate of the common and/or preferred stock of the corporation at par, or, if said stock shall be without nominal or par value, then at such price as shall be determined by the board of directors of the corporation.

Any repayment of said advances whether in cash or stock shall be made to the members of the syndicate pro rata in accordance with the amounts respectively advanced by them.

3. If any member of the syndicate shall make default in the payment of any installment or sum to the corporation on the date when the same shall be pay-

able as hereinbefore provided, and such default shall continue for thirty (30) days after notice and demand by the corporation, the corporation may thereupon at its option terminate all further rights of said members under this agreement and/or the St. Louis plan, including all right to participate further in financing the corporation and all right of said member and/or its nominees, to furnish gas to said corporation.

In the event of such termination, the corporation shall on or before January 1, 1930, repay to such defaulting member the sum or sums actually advanced by such member to the corporation prior to such default with interest at six percent (6%) to the date of payment, or the corporation may at its option repay all or any part of such sum or sums with interest as aforesaid by the issue to such member of its common and/or preferred stock, taking the same at par, or if the same shall be without nominal or par value, then at such price as shall be determined by the board of directors of the corporation. The foregoing rights of the corporation shall be cumulative and in addition to any rights or remedies to which the corporation or any other party may be entitled by reason of the default of such member.

4. Upon such termination, the balance of said defaulting member's participation in the financing of the corporation shall be assumed by the other members of the syndicate pro rata in accordance with their revised percentages in said financing as specified in paragraph 4 of the St. Louis plan; and the input of gas to which such member except for such default would have been entitled under paragraph 5 of said St. Louis plan, shall be divided among the other members pro rata in accordance with their respective percentages as specified in said paragraph 5 of said plan.

In witness whereof, the parties have caused these presents to be signed, sealed, attested, and delivered as of the 17th day of December 1928.

(Seal) STANDARD OIL CO.,
By J. A. MOFFETT,
Vice President.

Attest:
C. T. WHITE,
Secretary.

(Seal) COLUMBIAN CARBON CO.,
By EDWIN BINNEY,
Vice President.

Attest:
REID L. CARR,
Secretary.

(Seal) UNITED CARBON CO.,
By OSCAR NELSON,
President.

Attest:
G. A. WILLIAMS,
Secretary.

(Seal) ELECTRIC POWER & LIGHT CORPORATION,
By E. W. HILL,
Vice President.

Attest:
E. P. SOMMERSON,
Secretary.

(Seal) MOODY SEAGRAVES CO.,
By O. R. SEAGRAVES,
Vice President.

Attest:
N. W. HUNTER,
Assistant Secretary.

(Seal) PALMER CORPORATION OF LOUISIANA,
By H. L. HOLLIS,
President.

Attest:
E. J. McGOWEN, JR.,
Secretary.

(Seal) MISSISSIPPI RIVER FUEL CORPORATION,
By CHRISTY PAYNE,
President.

Attest:
REID L. CARR,
Secretary.

United States District Court for the Eastern District of Louisiana, Baton Rouge Division.

Interstate Natural Gas Company, Incorporated,

vs.

Louisiana Public Service Commission, Wade O. Martin, Chairman; James P. O'Connor, Commissioner; John S. Patton, Commissioner.

Civil Action File No. .....

Federal Power Commission. Docket No. G-132 et al. Hearing Ex. No. 90. 7/1/42.

To the Honorable, the United States District Court for the Eastern District of Louisiana, Baton Rouge Division, and the Honorable Wayne G. Borah, Judge of said Court:

Petitioner, Interstate Natural Gas Company, Incorporated, complains of the defendants, Louisiana Public Service Commission, Wade O. Martin, Chairman, James P. O'Connor, Commissioner, and John S. Patton, Commissioner, and respectfully shows to the Court:

I.

Petitioner is a corporation created, organized and existing under the laws of the State of Delaware, with its domicile in the city of Wilmington, in said state, and is a citizen of said state.

II.

Defendant, Louisiana Public Service Commission, is a commission created by the Constitution of the State of Louisiana, adopted in 1921, particularly by Section 3 of

Article VI thereof, with its domicile in the State Capital in the City of Baton Rouge, East Baton Rouge Parish, Louisiana, and that the defendants, Wade O. Martin, Chairman, a resident of St. Martin Parish, Louisiana, James P. O'Connor, Commissioner, a resident of Orleans Parish, Louisiana, and John S. Patton, Commissioner, a resident of Claiborne Parish, Louisiana, all of whom are citizens of the State of Louisiana, are the present duly elected and qualified members of said Commission, and, in their official capacities as aforesaid, are officially domiciled in East Baton Rouge Parish, Louisiana, and that Baton Rouge, Louisiana, is within the Eastern District of Louisiana.

III.

This is a suit of a civil nature between citizens of different states and also arises under the Constitution and laws of the United States and that the matter in controversy, exclusive of interest and costs, exceeds the sum or value of three thousand dollars ($3,000).

IV.

That under date of June 14, 1937, the Louisiana Public Service Commission in case entitled Louisiana Public Service Commission vs. Interstate Natural Gas Company, Incorporated, No. 2720, on the docket of said Commission, issued its order, directing Interstate Natural Gas Company, Incorporated, to show cause why its rates, charges and practices for gas service within the state of Louisiana should not be investigated, revised, modified, and/or reduced in such manner as the Commission may find appropriate, and, in said order, further ordered, commanded and required Interstate Natural Gas Company, Incorporated, in the meantime to place at the

disposal of the Commission's representatives, its books, records, vouchers, reports and papers, and to permit full and free access to its plant, property and facilities, pertaining to and used in the rendition of such gas service within the state of Louisiana, and for such further order or orders as the Commission might determine necessary in the premises, all of which will more fully appear by reference to a certified copy of said order, addressed to Interstate Natural Gas Company, Incorporated, which is attached to and made a part hereof and marked Exhibit A for identification.

V.

Petitioner further shows that, under date of June 25, 1937, it appeared in said cause for the limited purpose of excepting to the jurisdiction of the Louisiana Public Service Commission on the grounds that:

(a) Interstate Natural Gas Company, Incorporated, is not a common carrier pipe line;

(b) Interstate Natural Gas Company, Incorporated, conducts its business as a private enterprise; that its business is of a private nature, not affected with a public interest, and that it is in no sense a public utility or public service corporation;

(c) That 99 2/3% of the gas sold by Interstate Natural Gas Company, Incorporated, is sold in interstate commerce, and that the other 1/3 of 1% is sold and delivered at wholesale at taps on its pipe line to local distributing companies; all of which will more fully appear by reference to a certified copy of said exception, which is attached to and made a part hereof and marked Exhibit B for identification.

VI.

Petitioner further shows that the trial of said exception was by the Commission set for November 28, 1938, and, on said date, the same was taken up, tried and evidence adduced; that, at said hearing, your petitioner offered and filed copies of all of the contracts under which it was then selling natural gas to distributing companies and municipal corporations; that thereupon the Commission requested that petitioner produce and deliver to the Commission copies of its industrial sales contracts, copies of contracts with reference to the sale of gas in the Monroe field to the pipe line companies, and copies of other documents and information which had theretofore been filed by your petitioner with the Federal Power Commission in response to the questionnaire which had been issued by the Federal Power Commission to petitioner, and that, subsequently on or about December 23, 1938, copies of said contracts and other documents and information were produced by your petitioner and delivered to the Commission. That upon the trial of said exception, your petitioner also produced and filed a copy of its articles of incorporation, a list of its stockholders, a map showing the extent and location of its pipe line system, showing among other things delivery points covered by the aforesaid contracts and offered oral testimony showing in detail the method in which petitioner transported, sold and delivered the gas which was marketed under the terms and provisions of the aforesaid contracts and showing further that no relations existed between your petitioner and the aforesaid purchasers of gas other than the relations created by the aforesaid contracts and that there was no affiliation or inter-relation between your petitioner and its aforesaid customers through common ownership of stock, interlocking of directors, officers, or managers, or otherwise,

save for the fact that the capital stock of the Standard Oil Company of Louisiana, one of your petitioner's industrial customers, was owned by the Standard Oil Company (incorporated in New Jersey), which in turn owns approximately 54% of the capital stock of petitioner; that on January 19, 1939, the exception was argued and submitted to the Commission, and on February 1, 1939, an opinion and order were rendered and handed down by the Commission, overruling petitioner's plea to the jurisdiction of the Commission and ordering "that Interstate Natural Gas Company, Incorporated, give this Commission and its representatives access to its property, books, and records for the purpose of determining fair and reasonable rates and charges for gas transported or sold in intrastate commerce in Louisiana," all of which will more fully appear from said opinion and order, a copy of which is attached hereto and marked Exhibit C for identification.

That pursuant to sub-section L of the rules of the Louisiana Public Service Commission, then in force, which reads as follows:

"(1) *Petition; Filing, Service:* An application for further hearing in a proceeding before final submission, for reopening a proceeding after final submission, or for rehearing, reargument, or reconsideration after decision, must be made by petition, stating specifically the grounds relied upon, filed with the Commission and served by the Commission upon all parties or attorneys who appeared at the hearing, or oral argument if had, or on brief";

your petitioner did, on February 9, 1939, file with the Louisiana Public Service Commission in said cause a petition for a rehearing, a certified copy of which is

annexed hereto and made part hereof marked Exhibit D for identification; that oral argument in support of said petition was heard by the Commission on March 6, 1939, and by the Commission taken under advisement, and that under date of May 25, 1939, handed down its opinion and order bearing No. 2217 denying petitioner's application for a rehearing and reaffirming the order of the Commission previously entered on February 1, 1939, all of which will more fully appear from a copy of said opinion and order which is attached to and made a part hereof and marked Exhibit D-1 for identification; that the rules of the Louisiana Public Service Commission now in effect, sub-section M provide:

"(1) The orders of the Commission shall become effective at such time as may be fixed by the Commission, and where not otherwise fixed, ten calendar days from the date of service thereof, unless application for rehearing be filed; in which event the effective date shall be five days after the rehearing is denied or the rehearing, if granted, is finally disposed of, unless the Commission therein fixes a subsequent date."

VII.

Petitioner further avers that it is not a common carrier pipe line, is not a public utility, and is engaged almost exclusively in interstate commerce; that the Louisiana Public Service Commission is without any right, authority or jurisdiction whatsoever to conduct any investigation for the purpose of fixing, regulating or determining the rates charged or to be charged or services to be rendered by petitioner and that the attempt now being made by the Commission to do so is an illegal and unwarranted usurpation of powers and authority, contrary to the Constitution and laws of the United States,

and the Constitution and laws of the State of Louisiana, for the reasons hereinafter set out.

VIII.

Petitioner further shows that it was incorporated under the laws of Delaware, on April 1, 1926, and that, eliminating incidental powers, the charter powers of the company, as so granted, are:

"To search for, mine, bore, dig for, produce, refine, manufacture, treat, compress, blend, use, store, prepare for market, contract for, purchase or otherwise acquire, sell, exchange and generally to deal in natural and artificial gas, petroleum and other oils, coal, sulphur, lignite and other minerals and mineral substances, and all kinds of products and by-products thereof, including natural gas-gasoline and casing head gasoline, and all implements and materials used in the production, manufacture, storage, transportation, and sale of said gas, oil and/or minerals and products and/or byproducts thereof.

"To lay, maintain, own, lease or otherwise acquire, and operate such pipe line or lines as may be necessary or convenient for the transportation and delivery of natural and/or artificial gas and/or oil purchased, produced or sold by the corporation.

"To erect, build, install, construct, purchase, or otherwise acquire, lease, own, possess, operate, maintain and/or contract and deal with respect to all power and gasoline plants; compressing and pumping stations, and/or boosters, and/or all water, telephone, telegraph and/or electric transmission lines, rights of way, easements, privileges, and/or other interests in lands or

property necessary or desirable in connection with the laying, building, installing, constructing, owning, leasing, acquiring, operating, and/or maintaining, of said pipe lines, and/or the business of dealing in natural and artificial gas, petroleum and other oil, minerals and mineral substances as herein provided."

* * *

"Provided that nothing herein shall be construed to authorize the corporation to transport natural gas for others as a carrier for hire or to sell natural gas for others as a carrier for hire, or to sell natural gas except by special contract, or to constitute the corporation a common purchaser of natural gas or a public utility corporation;"

all of which will more fully appear from a certified copy of petitioner's Articles of Incorporation, which is attached to and made a part hereof and marked Exhibit E for identification.

IX.

Petitioner further shows that subsequent to its incorporation, as set out in the next preceding paragraph, it filed a certified copy of its charter with the Secretary of State of the State of Louisiana, designated a Louisiana agent for the service of process, and otherwise qualified to do business in Louisiana as a foreign, private corporation consistent with its charter powers, as will appear from certificate of the Secretary of State of the State of Louisiana annexed hereto and made a part hereof and marked Exhibit F for identification.

X.

Petitioner further shows that it has at no time exercised the powers of eminent domain; that it has never

applied for nor received any special franchises or privileges at the hands of the State of Louisiana or any of its political subdivisions, or by any other governmental agency, national, state or local; that it is not a common carrier pipe line, nor has it ever at any time done business or held itself out as willing to do business as a common carrier pipe line; that it has never held itself out as a public utility or as being willing to transport gas for or sell gas to the public at large or to whomsoever might desire to purchase it; that, other than its own gas which it transports and markets from its main line, it transports gas for one concern under a strictly private contract; that all gas sold and marketed by your petitioner is sold under strictly private contracts, negotiated with its various customers at arm's length and that deliveries of such gas are made from its main line and at points in the producing field.

XI.

(a) Petitioner further shows that on or about November 1, 1926, it entered into a contract with the Standard Oil Company of Louisiana, providing for the sale and delivery by petitioner to the Standard Oil Company of Louisiana at its plant located in North Baton Rouge, Louisiana, natural gas for fuel for the refinery of Standard Oil Company of Louisiana; that thereafter and from time to time, petitioner negotiated other private contracts with other industries with reference to the sale of gas to such industries for fuel from the main line of your petitioner; and likewise entered into certain contracts with various corporations, companies and municipalities for the sale by your petitioner to such corporations, companies and municipalities of natural gas at wholesale, which gas was and is delivered by your petitioner at taps on its main line and is thereafter trans-

ported, sold and distributed by the aforesaid customers through distribution systems owned by said customers respectively.

(b) That except as hereafter stated, no relations existed or now exist between your petitioner and the aforesaid purchasers of gas other than the relations created by the aforesaid contracts, and that there is not now and never has been any affiliation or inter-relation between your petitioner and its aforesaid customers through common ownership of stock, interlocking of directors, officers or managers or otherwise; that the capital stock of the Standard Oil Company of Louisiana, one of your petitioner's industrial customers, is owned by the Standard Oil Company (incorporated in New Jersey) which in turn owns approximately 54% of the capital stock of your petitioner.

XII.

Petitioner owns gas rights and leasehold mineral rights in and on approximately 50,000 acres of land in the Monroe Gas Field, upon which petitioner now operates approximately eighty-six (86) producing gas wells; that petitioner is continuously engaged in the drililng of additional wells for the production of gas; that from the aforesaid wells and by the purchase of gas from others, your petitioner acquires an average of approximately 125,929,000 cubic feet of gas per day, part of which is sold and delivered by petitioner in the Monroe Gas Field to six other interstate pipe line companies, as will be hereafter more fully set forth, and petitioner likewise owns and operates an interstate pipe line extending approximately 171.61 miles, originating at Fowler in Ouachita Parish, Louisiana, extending thence in a southeasterly direction a distance of approximately 91.17 miles

to the Mississippi River; thence across the Mississippi River into the State of Mississippi at a point approximately three miles below the City of Natchez, Mississippi; thence continuing in a southeasterly direction through the State of Mississippi for a distance of 43.92 miles to the southerly boundary of the State of Mississippi where said pipe line reenters the State of Louisiana; thence continuing in a southerly direction in the State of Louisiana for a distance of approximately 36.52 miles to North Baton Rouge, Louisiana, and in conjunction with said pipe line owns and operates two large compressor stations, one located at Fowler in Ouachita Parish, Louisiana, and the other at Ferriday in Concordia Parish, Louisiana, which furnish the motive power for the transmission of gas in interstate commerce through said pipe line; all as shown by the map hereto attached and made part hereof and marked Exhibit G for identification, and that from said pipe line Interstate Natural Gas Company, Incorporated, sells and delivers gas to distributing companies, municipal corporations and industrial consumers, as will be hereafter more fully set forth; that the pipe line of United Gas Pipe Line Company (formerly Southern Gas & Fuel Company) connects with the main pipe line of your petitioner, near Scotland, Louisiana, and extends thence in a southeasterly direction to a point at or near the city limits of the city of New Orleans, Louisiana; that United Gas Pipe Line Company transports gas for your petitioner through the aforesaid pipe line under a private contract between petitioner and said company and that your petitioner sells and delivers gas from said pipe line to certain distributing companies, municipal corporations and industrial consumers, as will be hereinafter more fully set forth.

XIII.

Your petitioner further shows that the gas transported, marketed and sold by your petitioner is divided into six general types or classifications, to-wit:

(a) Gas sold and delivered by your petitioner at wholesale to the following purchasers, namely:

1. Mississippi River Fuel Corporation—which gas is sold and delivered to the aforesaid purchaser at its compressor station site located in Ouachita Parish, Louisiana;

2. Southern Natural Gas Company—which gas is sold and delivered to the aforesaid purchaser at its compressor station site located in Ouachita Parish, Louisiana;

3. United Gas Public Service Company and its assignee, United Gas Pipe Line Company, for the amount of Memphis Natural Gas Company, which gas is delivered by your petitioner to Memphis Natural Gas Company at its compressor station site located in Ouachita Parish, Louisiana;

4. Arkansas-Louisiana Gas Company (successor to Arkansas-Louisiana Pipe Line Company)—which gas is delivered to the aforesaid purchaser at its compressor station site located in Ouachita Parish, Louisiana;

5. United Gas Pipe Line Company, as assignee of United Gas Public Service Company (assignee of Dixie Gulf Gas Company)—which gas is delivered to the aforesaid purchaser at the compressor station site of Arkansas-Louisiana Gas Company located in Ouachita Parish, Louisiana;

6. United Gas Pipe Line Company, as assignee of United Gas Public Service Company,—which gas is delivered to the aforesaid purchaser at the compressor station site of your petitioner at Fowler, in Ouachita Parish, Louisiana;

that all of the aforesaid gas is sold and delivered by your petitioner pursuant to the terms and provisions of certain contracts entered into between your petitioner and the aforesaid purchasers and their assignors, which contracts provide for and contemplate that said gas shall be sold and delivered as a part of and in furtherance of the interstate activity of said purchasers and of petitioner; that said gas is produced by petitioner, transported, marketed and delivered in interstate commerce; that the same moves in a constant uninterrupted, and continuous flow from the mouths of the wells from which it is produced through pipe lines belonging to your petitioner to the compressor stations, above set forth, thence without any interruption or without at any time ever coming to rest into and through the aforesaid compressor stations and through and into states other than the state of Louisiana; that said gas is purchased by the aforesaid purchasers for the purpose of being transported out of the State of Louisiana and into and through other states, and that said gas is so destined from the moment of its production, and that none of said gas is produced for or is at any time sold or used in local consumption or intrastate commerce; and that said sales of gas so made by your petitioner are transactions in interstate commerce.

(b) Gas sold and delivered by petitioner at wholesale taps located on its main pipe line between Fowler in Ouachita Parish, Louisiana, and Vidalia in Concordia Parish, Louisiana, to (1) distributing companies and

municipal corporations which in turn transport said gas from the aforesaid taps to the distribution systems belonging to them and whence it is sold by the distributing companies and municipal corporations to the consuming public, and (2) to three industrial customers near Ferriday, Louisiana.

(c) Gas sold and delivered by petitioner at wholesale at taps located on its main pipe line within the State of Mississippi to distributing companies and municipal corporations, which in turn transport said gas from the aforesaid taps to the distribution systems belonging to them from whence it is sold by the distributing companies and municipal corporations to the consuming public.

(d) Gas sold from petitioner's pipe line, after it reenters the State of Louisiana, said sales, in certain instances, being at wholesale to distributing companies and municipal corporations, the delivery thereof being made at taps located on the line of petitioner from which point the gas is transported by the distributing companies and municipal corporations to their respective distribution systems, and thence sold by them to the consuming public; and, in other instances, the gas is sold by petitioner and delivered from its main line to industrial consumers, who purchase said gas under private contracts entered into between petitioner and its aforesaid customers.

(e) Gas sold by petitioner to distributing companies and municipal corporations and industrial consumers in the same manner as is described in paragraph (d) above, except the delivery is made from the main line of the United Gas Pipe Line Company (formerly Southern Gas & Fuel Company), which connects with petitioner's line.

near Scotland, Louisiana, and thence extends in a southeasterly direction to a point at or near the city limits of the city of New Orleans, Louisiana, the gas sold and delivered by petitioner to the purchasers, as mentioned in this sub-paragraph (e) being transported by United Gas Pipe Line Company under a private contrct between said companies.

(f) Gas transported by petitioner for United Gas Pipe Line Company (formerly Southern Gas & Fuel Company) from the Monroe Gas Field through the states of Louisiana and Mississippi to petitioner's main pipe line near Scotland, Louisiana, where it is delivered into the pipe line of the United Gas Pipe Line Company, said transportation being done pursuant to a private contract between petitioner and said company.

XIV.

Petitioner further shows that the gas sold and delivered by it, as set forth in sub-paragraphs (a), (c), (d) and (e) of the next preceding paragraph, constitutes approximately 99.83% of the total sales made by it and such sales are all made as a part of and in furtherance of the interstate commerce in which petitioner is engaged; and that the transportation of gas for United Gas Pipe Line Company, as set out in sub-paragraph (f) of paragraph XIII above, is in interstate transportation.

XV.

Your petitioner further shows that because of the fact that it is not a common carrier pipe line or a public utility, and because of the further fact that approximately 99.83% of the gas sold by your petitioner is sold in interstate commerce, and all of the gas transported

for United Gas Pipe Line Company is transported in interstate commerce, the Louisiana Public Service Commission and the members thereof, defendants herein, are without any jurisdiction whatsoever, over your petitioner, to investigate, examine, regulate, control or otherwise supervise or in any manner interfere with the business being conducted by your petitioner; and that therefore, any attempt on the part of the Louisiana Public Service Commission to do any of the aforesaid acts, or to compel petitioner to submit to the examination now threatened and to make its property, books, papers and records available to the Commission, or its representatives, for that purpose is an illegal and unwarranted usurpation by the Commission of powers and authority not vested in it by the Constitution or laws of the state of Louisiana, or by the Constitution or laws of the United States, and such action on the part of the Commission constitutes unlawful invasion into your petitioner's affairs and a trespass upon the property and rights of your petitioner, all to the irreparable injury of your petitioner.

XVI.

(a) Your petitioner further shows that Act No. 20 of the Second Extra Session of the Louisiana Legislature for the year 1934 provides, among other things:

"Section 1. Be it enacted by the Legislature of Louisiana, That whenever the Louisiana Public Service Commission shall make an examination of the affairs of any public service or public utilities corporation doing business in this State, for the purpose of fixing and regulating the rates charged or to be charged or services to be rendered by such public service or public utilities corporation, all expenses incurred by the Louisiana Public Service Commission in conducting such examination, in-

cluding the expenses and fees of engineers, consultants, accountants or clerical assistants specially employed by said Commission to make the examination, shall be paid by the corporation so examined.

"Section 2. That the Louisiana Public Service Commission shall employ only such engineers, consultants, accountants or clerical assistants as are actually necessary to conduct the examination, whose compensation shall be fixed according to the time actually devoted to the work of conducting the examination and making their reports thereon, whether as witnesses before said Commission in open hearing, or by written report, under oath, as now required by law, which compensation shall always be reasonable and commensurate with the value of the services performed. That upon the completion of the examination, or while the same is in process, it shall be the duty of the Louisiana Public Service Commission to certify to the corportion being examined, the amount of expenses incurred as provided in this act, whereupon the corporation shall pay the amount so certified, to such person or persons thus employed; provided, however, that should the corporation deem the amount of the expenses so certified to be unreasonable or contrary to the provisions of this act, it may, within fifteen days after the receipt of such certificate, take a rule in a Court of competent jurisdiction against the Louisiana Public Service Commission, to test the reasonableness and legality under this Act, of the amount of expenses certified to by the Louisiana Public Service Commission, which rule shall be tried by preference, and upon appeal shall be given preference in the Appellate Court, as provided by law for other State cases.

"Section 3. That should any company fail or refuse to pay the amount of expenses of examination certified

to by the Louisiana Public Service Commission, after fifteen days from the receipt of such certificate, or after final judgment where a rule has been taken as provided herein, then the Louisiana Public Service Commission may revoke the certificate of authority of such company to do business until the full amount of same is paid.

"Section 4. That the provisions of this Act shall apply to all kinds of public service and public utilities corporations doing business in this State, or applying for admission to do business, whose rates or service is, in whole or in part, subject to the regulation of the Louisiana Public Service Commission."

(b) That your petitioner is informed and believes and so believing avers that prior to setting petitioner's plea to the jurisdiction for hearing, the Louisiana Public Service Commission entered into an agreement with one Mark Wolff to conduct an investigation into the business and affairs of your petitioner and upon information and belief avers that said agreement is evidenced by a letter addressed by Mark Wolff to the Louisiana Public Service Commission on or about November 2, 1938, which was accepted and agreed to by the Louisiana Public Service Commission on or about November 5, 1938, and that pursuant to the terms of such agreement, the Louisiana Public Service Commission has agreed to pay to Mark Wolff for conducting the investigation of your petitioner as aforesaid, the sum of $45,000 to be paid in five equal installments.

(c) That petitioner is informed and believes and on such information and belief avers that the Louisiana Public Service Commission has adopted a uniform practice of rendering statements at fixed intervals during an investigation for expenses alleged to have been in-

curred by it in such investigation and of demanding and requiring payment of said statements when and as rendered.

(d) That on March 8, 1939, notwithstanding the fact that the Louisiana Public Service Commission had not rendered any formal decision on petitioner's application for a rehearing, it attempted to take and assert jurisdiction over your petitioner in that it did on said date issue its certificate certifying to petitioner as a valid and legal charge against petitioner, a statement of bill rendered by Mark Wolff against Louisiana Public Service Commission for the sum of $9,000, purporting to be for services rendered and expenses incurred by the aforesaid Mark Wolff from September 14, 1938, to February 28, 1939, in connection with an investigation of Interstate Natural Gas Company, Incorporated, petitioner herein, resulting from the Louisiana Public Service Commission's citation of June 14, 1937, against petitioner in Cause No. 2720, and did by letter dated March 8, 1939, served on petitioner on March 9, 1939, demand of petitioner payment of said bill, all of which will more fully appear by reference to the statement or bill of Mark Wolff, dated March 1, 1939, certificate of the Louisiana Public Service Commission dated March 8, 1939, and letter of the Louisiana Public Service Commission dated March 8, 1939, which are attached hereto and made part hereof, marked Exhibits H-1, H-2 and H-3, respectively, for identification. That, as will appear from the record in the matter entitled: "Interstate Natural Gas Company, Incorporated v. Louisiana Public Service Commission, Wade O. Martin, Chairman; James P. O'Connor, Commissioner and John S. Patton, Commissioner," No. 27 of the Civil Docket of this Honorable Court, your petitioner, on March 22, 1939, filed its petition praying for an injunction against the Louisiana Public Service

Commission and the members thereof to prevent the collection of said bill and from further proceeding in said cause, and in connection therewith prayed for a temporary restraining order; that on the hearing of said application for a temporary restraining order on March 22, 1939, the Louisiana Public Service Commission withdrew, recalled and canceled the aforesaid bill and announced in open Court that it had not passed upon the petitioner's application for a rehearing or assumed jurisdiction of said cause, whereupon petitioner voluntarily took a non-suit in said cause without prejudice to any of its rights; and petitioner hereby refers to the record in said Cause No. 27 and makes the same part hereof by reference.

XVII.

(a) Petitioner further shows that the Louisiana Public Service Commission, at the trial of petitioner's plea to the jurisdiction of the Commission, did make such investigation of the business and affairs of petitioner as is necessary to determine whether or not petitioner is a common carrier pipe line or a public utility or is engaged in intrastate commerce subject to the jurisdiction of the Louisiana Public Service Commission, and that no further or additional investigation or examination by the Louisiana Public Service Commission is necessary for the purpose of properly determining those questions. Petitioner further shows that it verily fears and believes, and so believing avers, that the Louisiana Public Service Commission will proceed pursuant to its said order of February 1, 1939, with an examination of petitioner's property, books, records and papers for the purpose of determining and fixing rates and charges for gas transported and sold by your petitioner, and that the Louisiana Public Service Commission will certify to and de-

mand payment by petitioner of large amounts of money which your petitioner believes will aggregate not less than $45,000, all of which amount will in turn be paid by said Louisiana Public Service Commission to said Mark Wolff in accordance with the aforesaid agreement, and which amounts your petitioner will be unable to recover should it be ultimately held that Louisiana Public Service Commission is without jurisdiction to conduct said examination and determine and fix the rates and charges to be made by your petitioner for transportation and sale of natural gas, all of which the said Louisiana Public Service Commission is now threatening to do and which will constitute a taking of petitioner's property without due process of law, all to the irreparable injury of your petitioner.

(b) That by reason of the fact that petitioner is not a common carrier pipe line or a public utility, and is engaged almost exclusively in interstate commerce, the Commission has no power or jurisdiction either to examine petitioner's property, books, records or papers, or to fix or regulate the rates and charges for gas transported or sold by petitioner, the conducting of such further examination and the exaction of payment by petitioner of the cost and expense thereof is and would be illegal and in violation of the 14th Amendcent of the Constitution of the United States, in that such acts would deprive petitioner of its property without due process of law; and petitioner further shows that such examination and the exaction of payment by petitioner of the cost and expense of such examination would constitute a direct and substantial burden upon interstate commerce in violation of the commerce clause of the Constitution of the United States, namely, Clause 3 of Section 8 of Article I thereof.

XVIII.

Your petitioner avers that, in addition to the amounts which the Public Service Commission has agreed to pay to Mark Wolff, as aforesaid, and which has been and will be assessed to and demand of your petitioner under the statute hereinabove referred to, your petitioner, in order to prepare its case and place before the Louisiana Public Service Commission facts in support of its contention and in justification of its rates, will be compelled to employ valuation engineers for the purpose of appraising and valuing its physical assets, geologists and other experts for the purpose of establishing the extent and probable life of its mineral holdings and available source of supply of gas for the operation of its pipe line properties, expert accountants, engineers and other experts and thereby incur a large expense which your petitioner believes, and so believing, avers will be in excess of the sum of $3,000. That all of such expenditures will be irrecoverable, futile and unnecessary in the event it should ultimately be determined that the Louisiana Public Service Commission is without jurisdiction over your petitioner; That in addition to the foregoing, the examination of the property, books, records and other documents of your petitioner which the Louisiana Public Service Commission is now preparing to make will disrupt, hinder and impede the orderly conduct of your petitioner's business and affairs and will result in the loss of time and interference with the activities of the officials and employees of your petitioner and will demand the business of petitioner in the sum of many thousand dollars, all to the great inconvenience and damage of your petitioner, all of which are utterly futile and useless and will result in irreparable damage to your petitioner and will deprive petitioner of its property without due process of law, contrary to the Constitution of the United States.

XIX.

Petitioner further shows that in the event of its failure or refusal to pay any sums hereafter demanded of it, the Louisiana Public Service Commission may revoke the certificate of authority of petitioner to do business until the full amount so demanded is paid and the event of petitioner's failure or refusal to comply with the order of the Louisiana Public Service Commission, dated February 1, 1939, it will be subjected to the risk of severe fines and penalties which may be imposed by the Louisiana Public Service Commission at its discretion, and that unless the Louisiana Public Service Commission is restrained and enjoined as herein sought, your petitioner will be compelled to choose between compliance, at a large expense, or non-compliance with obvious risks of severe, recurring and cumulative penalties from which petitioner has no appeal and to stand by subjects petitioner to the further risk that the Commission will fix its rates and charges on the Commission's evidence alone.

XX.

Your petitioner further shows that it has no adequate remedy of law for its protection in the premises and is entitled to the issuance of a writ of injunction, enjoining, restraining and prohibiting the Louisiana Public Service Commission, the members thereof, and its agents, representatives and employees from collecting or attempting to collect from petitioner, and from certifying, assessing, demanding or attempting to collect any sums under Act No. 20 of the Second Extra Session of 1934, and from revoking or attempting to revoke petitioner's certificate to do business, and from further proceeding with the examination to which the Louisiana Public Service Commission is now threatening to make in said

cause bearing docket number 2720 on its docket, hereinabove referred to.

XXI

Your petitioner further shows that before this case can be heard on its merits, and the issues involved in this suit determined after a trial on the merits, it verily fears and believes and so believing avers that the Louisiana Public Service Commission and the members thereof will proceed with the examination of petitioner's property, books, records and other documents for the purpose of fixing and determining rates and charges to be made by petitioner for the transportation and sale of gas and will assess against and require payment by your petitioner of costs of making such investigation under the provisions of Act No. 20 of the Second Extra Session of the Louisiana Legislature for the year 1934, and upon petitioner's failure or refusal to pay such assessments, will revoke petitioner's certificate to do business; and that your petitioner will be compelled to proceed with the employment of valuation engineers, geologists, accountants and other experts and otherwise prepare for a hearing to fix and determine rates and charges, all at a great and useless expense and to the irreparable injury of your petitioner, and that, therefore, an interlocutory writ of injunction is necessary to preserve petitioner's rights until this matter can be finally determined.

XXII.

For the reasons hereinabove set forth, petitioner avers that it will suffer immediate, irreparable injury if the Louisiana Public Service Commission proceeds with its proposed investigation or its attempt to assess and col-

lect from petitioner the costs and expenses thereof or to revoke petitioner's certificate to do business, and that petitioner is entitled to a temporary restraining order restraining the Commission, the members thereof, its and their agents and representatives and other employees from taking and enforcing any further steps to carry out or enforce compliance with its order of February 1, 1939, and from collecting or attempting to collect from petitioner the costs and expenses of such investigation and from revoking petitioner's certificate to do business.

XXIII.

Your petitioner further shows that it has an actual controversy with the defendants herein with reference to the question of the jurisdiction of defendants over petitioner; that said defendants, Louisiana Public Service Commission and the members thereof, are without any jurisdiction, power or authority to investigate or in any manner revise, modify, reduce or regulate the business of petitioner or to assess against, or collect from, petitioner the costs and expenses of such investigation, and, accordingly, petitioner is entitled to a declaratory judgment under the provisions of Section 274(d) of the Judicial Code of the United States (28 U. S. C. A. 400) declaring that the Louisiana Public Service Commission and the members thereof are without any jurisdiction, power or authority to investigate or in any manner revise, modify, reduce or regulate the rates and charges made by your petitioner for the gas sold or service rendered by it, or to assess against, or collect from petitioner the costs and expense of such investigation.

Wherefore, the premises considered, and in view of the immediate, irreparable injury which is about to be

inflicted upon petitioner, petitioner prays that a restraining order issue at once enjoining the Louisiana Public Service Commission and the members thereof, its and their agents, representatives and other employees, from carrying out, enforcing or taking any steps to carry out or enforce compliance with its order issued February 1, 1939, hereinbefore referred to, and further enjoining the said Louisiana Public Service Commission and the members thereof from proceeding against petitioner in the proceeding instituted against petitioner herein, and from collecting, or attempting to collect from petitioner the costs and expenses of such investigation, and from revoking petitioner's certificate to do business.

Petitioner further prays that the Judge of this Honorable Court enter an order immediately calling to his assistance to hear and determine this application two other judges in connection with the provisions of the statutes of the United States in such cases made and provided; that an order be issued herein directed to the defendants, Louisiana Public Service Commission, Wade O. Martin, James P. O'Connor and John S. Patton, members thereof (and that the Governor of the State of Louisiana and the Attorney General of the State of Louisiana be notified thereof) to show cause before this Honorable Court as thereby constituted, at a time and place to be fixed by this Court, why an interlocutory or preliminary injunction should not issue herein, and that, on a hearing, petitioner be granted an interlocutory or preliminary injunction enjoining, prohibiting and restraining the defendants, their agents, representatives and other employees and all others having notice of said interlocutory or preliminary injunction and each of them, from carrying out or enforcing, or attempting to carry out or enforce the order of the Louisiana Public Service Commission, dated February 1, 1939, entered in cause No.

2720 on the docket of said Commission, and from collecting or attempting to collect the costs and expenses of such investigation, and from revoking petitioner's certificate to do business.

That proper process in due form issue herein to the defendants, Louisiana Public Service Commission, Wade O. Martin, Chairman, James P. O'Connor, and John S. Patton, members thereof, requiring them to appear and answer this petition, as provided for by law.

That the interlocutory or preliminary injunction be made permanent and that the defendants, Louisiana Public Service Commission, Wade O. Martin, Chairman, James P. O'Connor, and John S. Patton, members thereof, their agents, representatives and other employees, and all others having notice of said interlocutory injunction, be permanently enjoined and restrained from carrying out or enforcing or attempting to carry out or enforce, the orders of the Louisiana Public Service Commission, dated February 1, 1939, entered in cause No. 2720 on the docket of the Louisiana Public Service Commission, and from collecting or attempting to collect the costs and expenses of such investigation, and from revoking petitioner's certificate to do business, and from proceeding any further in said cause and from attempting to regulate and fix the rates and charges made by petitioner for the natural gas sold to its customers and transported by it.

Petitioner further prays that this Honorable Court render a declaratory judgment under the provisions of Section 274(d) of the Judicial Code of the United States (28 U. S. C. A. 400), declaring that the Louisiana Public Service Commission and the members thereof are without any jurisdiction, power or authority to investi-

gate or examine petitioner's property, books and records, or in any manner revise, modify, reduce or regulate the rates and charges made by your petitioner for the gas sold or for the service rendered by it.

That your petitioner have all such other and further relief, general and equitable, as the premises may require, good conscience permit, and this Court be competent to grant.

This is the first application for injunction or extraordinary relief in this cause.

SHOTWELL & BROWN,
Monroe, La.

DART & DART,
Attorneys for Petitioner.
New Orleans, La.

ALDEN T. SHOTWELL,
HENRY P. DART, JR.,
H. GRADY PRICE,
1822 Canal Bank Bldg.,
New Orleans, La.,
Of Counsel.

United States of America,
State of Louisiana,
Parish of Orleans.

Before Me, the undersigned authority, personally came and appeared: Alden T. Shotwell, and Henry P. Dart, Jr., who being duly sworn, depose and say: that they are attorneys and counsel for Interstat Natural Gas Company, Incorporated, petitioner in the foregoing petition; that they have read the petition and know the contents thereof; that the allegations of the petition are true and correct, except such as are therein stated on infor-

mation and belief and as to such matters they believe them to be true; that the reason this verification is made by them and not by petitioner is that petitioner is a foreign corporation, to-wit, a corporation of the state of Delaware, and that all of the officers of the said corporation are absent from the jurisdiction of the Court and that there are no persons other than deponents who are capable of verifying the petition.

ALDEN T. SHOWELL,
HARRY P. DART.

Sworn to and subscribed before me, notary, this 30th day of May, 1939.

JOHN DART,
Notary Public.

United States District Court for the Eastern District of Louisiana, Baton Rouge Division.

Interstate Natural Gas Company, Incorporated,

vs.

Louisiana Public Service Commission, Wade O. Martin, Chairman, James P. O'Connor, Commissioner, John S. Patton, Commissioner.

Civil Action File No. .....

Upon reading the verified petition of plaintiff herein, and it appearing from the facts shown by the verified petition that before notice can be served and a hearing had on plaintiff's application for an interlocutory or preliminary injunction herein or on plaintiff's application for a restraining order, immediate and irreparable injury, loss and damage will result to it, to-wit, that the Louisiana Public Service Commission, Wade O. Martin,

Chairman; James P. O'Connor and John S. Patton, members thereof, will proceed with the examination of petitioner's property, books, records and other documents; will incur large costs and expenses, which will in turn be assessed by the Louisiana Public Service Commission against petitioner; will enter upon the premises of petitioner and there interfere with and disrupt the orderly operation of petitioner's business and affairs, and petitioner will be compelled to employ valuation engineers, geologists, accountants and other experts for the purpose of preparing for the hearing now being threatened by the Louisiana Public Service Commission, at a large expense to petitioner, all of which costs and expenses will be irrecoverable, useless and futile should it be ultimately held that the Louisiana Public Service Commission has no jurisdiction, power or authority over petitioner to conduct the examination and regulation now being threatened; and further considering that the failure on the part of petitioner to pay any bill or statement hereafter certified to it by the said Commission will subject petitioner to the risk of having its certificate to do business revoked and further considering that the failure on the part of petitioner to submit to the examination and regulation now threatened by the Louisiana Public Service Commission will subject petitioner to the risk of severe, recurring and cumulative penalties from which petitioner has not appeal, and likewise subject petitioner to the risk of having its charges and rates fixed and determined upon the Commission's evidence alone;

Now, Therefore,

It Is Ordered, Adjudged And Decreed, that the defendants, Louisiana Public Service Commission, Wade O. Martin, Chairman, James P. O'Connor and John S.

Patton, members thereof, and each of them, and their respective successors in office, their agents, representatives, and other employees, and all persons, acting under their authority, be, and each of them, are hereby restrained and enjoined from carrying out and enforcing and attempting to carry out and enforce, the order of the Louisiana Public Service Commission, dated February 1, 1939, and from collecting or attempting to collect from petitioner the expenses of such investigation and from revoking petitioner's certificate to do business; and fro proceeding further in cause No. 2720 on the docket of the Louisiana Public Service Commission. This order shall become effective upon the giving of security by the plaintiff by filing a bond in the sum of ..... Dollars, conditioned upon the payment of such costs and damages as may be incurred or suffered by any party who may be found to have been wrongfully enjoined or restrained thereby.

This restraining order will remain in force only until hearing and determination of the application for an interlocutory or preliminary injunction herein and shall expire within ten days after entry, unless within said time it is extended for a like period for good cause shown.

It Is Further Ordered, that a copy of this order, together with a copy of the verified petition of plaintiff herein, be served upon each of the defendants; and

It Is Further Ordered, by this Court that the defendants named in the petition, to-wit, Louisiana Public Service Commission, Wade O. Martin, Chairman, James P. O'Connor and John S. Patton, members thereof, do show cause before this Honorable Court, on the .... day of ....., 1939, at the hour of .... o'clock, ... M.,

why an interlocutory or preliminary injunction should not issue as prayed for in said petition; and

It Is Further Ordered, that the Honorable Richard W. Leche, Governor of the State of Louisiana, and the Honorable David M. Ellison, Attorney General of the State of Louisiana, be notified of said hearing as the law directs.

And it appearing to the Court that said petition seeks an interlocutory or preliminary injunction restraining the Louisiana Public Service Commission, Wade O. Martin, Chairman, James P. O'Connor, and John S. Patton, members thereof, from carrying out or enforcing, or attempting to carry out or enforce, the order of the Louisiana Public Service Commission, dated February 1, 1939; and from collecting or attempting to collect from petitioner the costs and expenses of such investigation and from revoking petitioner's certificate to do business; and from proceeding further in cause No. 2720 on the docket of the Louisiana Public Service Commission, on the ground that the Louisiana Public Service Commission and the members thereof are without jurisdiction to conduct said examination or to fix and determine the rates and charges of petitioner for the transportation and sale of gas on the ground that said order and further procedure in said case would be in violation of the United States Constitution, I do hereby call to my assistance to hear and determine at the hour and on the date hereinabove fixed said application for an interlocutory or preliminary injunction in this cause, the Honorable ....., Judge of the Circuit Court of Appeals for the Fifth Circuit of the United States, and the Honorable ....., Judge of the District Court of the United States for the District of .....

This Order, done and signed at New Orleans, Louisiana, in the Eastern District of Louisiana, on this, the .... day of ..... A. D., 1939, at ....o'clock, ... M.

.....

Judge.

EXHIBIT 91.

United States District Court for the Eastern District of Louisiana, Baton Rouge Division.

Interstate Natural Gas Company, Incorporated,

vs.

Louisiana Public Service Commission, Wade O. Martin, Chairman, James P. O'Connor, Commissioner, John S. Patton, Commissioner.

Civil Action File No. 38.

Federal Power Commission. Docket No. G-132 et al. Hearing Ex. No. 91. 7/1/42.

State of New York,
County of New York.

Before Me, ..., a Notary Public in and for said County and State, personally came and appeared F. H. Lerch, Jr., of full age and a resident of Jackson Heights, New York, who, being by me first duly sworn, deposes and says:

1. For the sake of brevity, Interstate Natural Gas Company, Incorporated, shall be hereinafter referred to as Interstate; Standard Oil Company, a New Jersey corporation, as Standard of New Jersey; Standard Oil Company of Louisiana, a Louisiana corporation, as Standard

of Louisiana; and United Gas Public Service Company and its successor, United Gas Pipe Line Company, as United.

2. He is President of Interstate and has held said position since May 2, 1935. He was Vice-President from December 15, 1933 to May 2, 1935, and prior thereto, he was employed by Ford, Bacon & Davis, Inc., a corporation engaged, among other things, in the business of surveying, planning, engineering, constructing and operating industrial enterprises under contracts with the owners thereof. Upon the organization of Interstate, a management contract was entered into between it and Ford, Bacon & Davis, Inc., which provided, among other things, for the management by Ford, Bacon & Davis, Inc., of the properties, business and affairs of Interstate, which said management contract, by its own terms and by renewals thereof, remained in full force and effect until January 1, 1935. In order to carry out the provisions of said management contract, affiant, as an employee of Ford, Bacon & Davis, Inc., made frequent visits to Monroe, Louisiana, and, on or about December 1927, located in Monroe, Louisiana, where he remained until on or about December 1, 1933, and actively managed the properties, business and affairs of Interstate, and, in his capacity as resident manager aforesaid, and, subsequently thereto, as Vice-President and President of Interstate, he has been continuously in touch with all of the business, activities and physical properties of Interstate, frequently visiting the compressor stations and other facilities, and has on many occasions traversed on foot the pipe line of Interstate for the purpose of inspecting same; that he is thoroughly familiar with all of the properties of Interstate and the manner in which same are operated and its business conducted.

3. The properties and assets of Interstate consist, among other things, of the following:

(A) Gas rights under approximately 40,000 acres of land, situated in Union, Ouachita and Morehouse Parishes, Louisiana;

(B) Contracts for the purchase of large quantities of natural gas deliverable daily to Interstate into its gathering system in Monroe Gas Field.

(C) Numerous mineral leases on lands located in the Monroe Gas Field, which is located in the Parishes of Ouachita, Morehouse and Union, State of Louisiana;

(D) 96 Gas wells drilled on lands controlled by ownership of gas rights or by lease.

(E) A main trunk line for the transportation of natural gas extending from Fowler in Ouachita Parish, Louisiana, in the Monroe Gas Field, in a southerly direction a distance of approximately 91.17 miles to the Mississippi River, thence across the Mississippi River into the State of Mississippi to a point approximately 3 miles below the City of Natchez, Mississippi, thence continuing in a southeasterly direction through the State of Mississippi for a distance of 43.92 miles to the southerly boundary of the State of Mississippi, where said pipe line re-enters the State of Louisiana, thence continuing in a southerly direction in the State of Louisiana for a distance of approximately 36.52 miles to North Baton Rouge, Louisiana, at which point is located the refinery of Standard of Louisiana; that of the total length of said pipe line approximately 75% is located in Louisiana and approximately 25% is located in Mississippi;

(F) A compressor station located at Fowler, Ouachita Parish, Louisiana, and a compressor station, located at Ferriday, Concordia Parish, Louisiana;

(G) Various main pipe lines extending from points along the main line of United to points where Interstate supplies gas to certain purchasers, the main line of United consisting of a trunk line, extending from a point near the southern terminus of the line of Interstate at or near Scotland, in East Baton Rouge Parish, Louisiana, in a southeasterly direction, to a point near the city limits of New Orleans, Louisiana;

(H) Various other facilities used in connection with the operation of the properties, hereinabove described.

4. Subsequent to the incorporation of Interstate as a Delaware corporation, it qualified in Louisiana as a foreign corporation to do business as a private enterprise and designated an agent within the State of Louisiana for the service of legal process, but never qualified with the Louisiana Public Service Commission as a common carrier, public utility or otherwise; has never in any instance attempted to condemn or expropriate property, and does not possess or claim to possess the rights of eminent domain; has, in each and every instance, privately negotiated for and purchased all properties and rights of way owned by it; and, in one instance, was compelled to purchase at price of approximately $100,000.00 an entire plantation in order to obtain the right to cross said plantation, with its pipe line; has never at any time advertised or held itself out as being ready and willing to transport gas for or to sell gas to the public generally; has at no time solicited business generally; and has in certain instances declined to sell gas to certain parties where such prospective purchases were inconsistent with

its business policy; has never at any time prepared, or published any tariffs or other schedules relating to the transportation or sale of natural gas, and all sales have been made under private contracts. The pipe line belonging to Interstate does not in any instance pass through the corporate limits of any municipality and does not run longitudinally in the right of way of any highway or other publicly owned property. Interstate has, in each and every instance, unwaveringly adhered to its policy and plan of constructing and operating its facilities as a strictly private enterprise.

5. At the time Interstate was organized and its main pipe line and other facilities in connection therewith were constructed, said acts were done in order to provide natural gas as a fuel for the refinery of Standard of Louisiana at Baton Rouge, Louisiana, which requirements were then estimated to be, or shortly to become, approximately 70,000,000 cubic feet of gas per day; the pipe line of Interstate and other facilities constructed in connection therewith had an original capacity of approximately 70,000,000 to 80,000,000 cubic feet of gas per day; and it was then contemplated that the excess capacity of said system, if any, would be utilized in supplying gas to other industrial consumers and purchasers under arrangements and contracts which should thereafter be negotiated between Interstate and such customers. It was intended that Interstate would not sell to domestic consumers or to the public generally. In furtherance of the original plan and scheme, under which Interstate was organized and developed, a contract was entered into between Interstate and Standard of Louisiana, providing for the furnishing of natural gas by Interstate to Standard of Louisiana as fuel for its refinery. Thereafter, and from time to time, the pipe line facilities and the available supply of natural gas of Inter-

state has been increased, and contracts made at arm's length have been entered into with other and additional customers for said gas with the result that the gas now being transported, marketed and sold by Interstate is divided into six general types or classifications, to-wit:

(A) Gas sold and delivered by Interstate at wholesale to the following purchases:

(1) Mississippi River Fuel Corporation—which gas is sold and delivered to the aforesaid purchaser at its compressor station site located in Ouachita Parish, Louisiana;

(2) Southern Natural Gas Company—which gas is sold and delivered to the aforesaid purchaser at its compressor station site located in Ouachita Parish, Louisiana;

(3) United Gas Public Service Company and its assignee, United Gas Pipe Line Company, for the account of Memphis Natural Gas Company, which gas is delivered by Interstate to Memphis Natural Gas Company at its compressor station site located in Ouachita Parish, Louisiana;

(4) Arkansas-Louisiana Gas Company (successor to Arkansas-Louisiana Pipe Line Company)—which gas is delivered to the aforesaid purchaser at its compressor station site located in Ouachita Parish, Louisiana;

(The contract under which this gas was being marketed expired on ..... since which date, no gas has been marketed to this purchaser);

(5) United Gas Pipe Line Company as assignee of United Gas Public Service Company (assignee of Dixie

Gulf Gas Company)—which gas is delivered to the aforesaid purchaser at the compressor station site of Arkansas-Louisiana Gas Company located in Ouachita Parish, Louisiana;

(The contract under which this gas was being marketed expired on ..... since which date, no gas has been marketed to this purchaser);

(6) United Gas Pipe Line Company, as assignee of United Gas Public Service Company—which gas is delivered to the aforesaid purchaser at the compressor station site of Interstate at Fowler, in Ouachita Parish, Louisiana.

All of the aforesaid gas is sold and delivered by Interstate pursuant to the terms and provisions of certain private contracts entered into between Interstate and the aforesaid purchasers and their assignors, which contracts provide for and contemplate that said gas so sold is received by said purchasers and transported by them out of Louisiana and sold in other states. Said gas is produced by Interstate, transported, marketed and delivered in interstate commerce, and the same moves in a constant, uninterrupted and continuous flow from the mouths of the wells from which it is produced through pipe lines belonging to Interstate to the compressor stations, above set forth; thence without any interruption or at any time ever coming to rest into and through the aforesaid compressor stations and through and into states other than the state of Louisiana. Said gas is purchased by the aforesaid purchasers for the purpose of being transported out of the State of Louisiana and into and through other states, and said gas is so destined from the moment of its production, and none of said gas is produced for or is at any time sold or used in local

consumption or intrastate commerce. Said sales of gas so made by Interstate are transactions in interstate commerce.

(B) Gas sold and delivered by Interstate at wholesale at taps located on its main pipe line between Fowler in Ouachita Parish, Louisiana, and Vidalia in Concordia Parish, Louisiana, to (1) distributing companies and municipal corporations which in turn transport said gas from the aforesaid taps to the distribution systems belonging to them from whence it is sold by the distributing companies and municipal corporations to the consuming public, and (2) to three industrial customers near Ferriday, Louisiana.

(C) Gas sold and delivered by Interstate at wholesale at taps located on its main pipe line within the State of Mississippi to distributing companies and municipal corporations, which in turn transport said gas from the aforesaid taps to the distribution systems belonging to them from whence it is sold by the distributing companies and municipal corporations to the consuming public.

(D) Gas sold from Interstate's pipe line, after it reenters the State of Louisiana, said sales, in certain instances, being at wholesale to distributing companies and municipal corporations, the delivery thereof being made at taps located on the line of Interstate, from which point the gas is transported by the distributing companies and municipal corporations to their respective distribution systems, and thence sold by them to the consuming public; and, in other instances, the gas is sold by Interstate and delivered from its main line to industrial consumers, who purchase said gas under private contracts entered into between Interstate and its aforesaid customers.

(E) Gas sold by Interstate to distributing companies and municipal corporations and industrial consumers in the same manner as is described in subparagraph (D) above, except the delivery is made from the main line of the United Gas Pipe Line Company (formerly Southern Gas & Fuel Company), which connects with Interstate's line near Scotland, Louisiana, and thence extends in a southeasterly direction to a point at or near the city limits of the city of New Orleans, Louisiana, the gas sold and delivered by Interstate to the purchasers, as mentioned in this subparagraph (E) being transported by United Gas Pipe Line Company under a private contract between said companies.

(F) Gas transported by Interstate for United Gas Pipe Line Company (formerly Southern Gas & Fuel Company) from the Monroe Gas Field through the States of Louisiana and Mississippi to a point on Interstate's main pipe line near Scotland, Louisiana, where it is delivered into the main pipe line of the United Gas Pipe Line Company, said transportation being done pursuant to a private contract between Interstate and said company. Since 1939 part of the gas transported for United (about ....% of the total per month) has been delivered at a point on Interstate's main line in Richland Parish, Louisiana, to enable United to serve certain of its customers, formerly entirely served from gas produced by United in Richland Field.

6. (A) All gas sold and delivered by Interstate, as set forth in subparagraphs B, C, D, and E of paragraph 5 above, is delivered from its main line and from the main line of United, as set out above, and is sold and delivered to the distributing companies and industrial consumers at taps on the aforesaid main lines. The gas so withdrawn is measured by thermometers and meters

furnished by Interstate, which is the only way in which it can be measured, and the pressure of the gas is somewhat reduced by Interstate as delivery thereof is made to the aforesaid purchasers, such reduction in pressure, however, being an incident to and for the purpose of facilitating delivery thereof, the work thus being done by Interstate being done upon the flowing gas to help the delivery thereof. Interstate simply transports the gas and delivers it wholesale, not otherwise worked over than to make it ready for delivery to the independent purchasers who then either dispose of it by retail through their respective distribution systems or consume it as fuel for their industries. The gas so sold is produced and transported by Interstate and moves in a continuous and uninterrupted flow from the wells from which it is produced to the point of delivery on the main lines aforesaid, never comes to rest and is never placed or held in storage at any point. While said gas is compressed from time to time in the course of its journey to facilitate its movement, the transportation, nevertheless, is uninterrupted from the field to the purchaser, and there is no storage of gas to await the demands of purchasers at any time or at any point. After delivery of gas from the main lines, as aforesaid, Interstate exercises no control whatsoever over the gas so sold, and all appliances and equipment for the further handling, sale or utilization of the gas are the properties of the customers. In no instance, is the gas utilized by the customer at the point of delivery or at the delivery pressure. In each instance where gas is delivered to an industrial consumer, it is delivered by Interstate from the main lines, as set forth above, at pressures much higher than those at which it is consumed by the aforesaid industrial consumer, and is then carried by consumer through its own lines, after reducing pressure through its own facilities for purposes of consumption, to point of use.

(B) The gas transported by Interstate for United, as set out in subparagraph F of paragraph 5 above, moves in a continuous and uninterrupted flow from the northern terminus of Interstate's line at Fowler, Louisiana, through the States of Louisiana and Mississippi to a point at Scotland, Louisiana, near the southern terminus of the line of Interstate, at which point said gas flows without any interruption and without any reduction in pressure whatsoever from the main line of Interstate into the main line of United, and the movement of said gas is at all times continuous and uninterrupted, and said gas at no time comes to rest.

7. All of the gas sold and marketed by Interstate, as set out in subparagraphs A, B, C, D, and E of paragraph 5 above, and the gas transported by Interstate for United, as set out in subparagraph F of paragraph 5 above, is sold and transported pursuant to the terms and provisions of contracts negotiated and entered into between Interstate and said parties. All of such contracts are strictly private contracts and were negotiated at arm's length; that no relations existed or now exist between Interstate and any of those to whom it sells gas, other than the relations created by the contracts under which said gas is marketed; except that Standard of New Jersey owns the majority of the outstanding capital stock of Interstate and according to affiant's best information owns the capital stock of Standard of Louisiana and a minority interest in Mississippi River Fuel Corporation.

8. Of the total quantity of gas sold by Interstate during the 12-month period ending with June 1938, approximately 17/100 of 1% was sold and delivered from its main pipe line between Fowler, Ouachita Parish, Louisiana, and Vidalia, Concordia Parish, Louisiana, which is the gas mentioned and referred to in subparagraph B

of paragraph 5 above, and the balance of the gas sold by Interstate during said 12-month period, amounting to 99.83% of its total sales, was sold by Interstate, as set out in subparagraphs A, C, D, and E of paragraph 5 above, and was sold, transported and marketed in furtherance of and as a part of the interstate commerce as described in said paragraphs A, C, D and E.

9. In each and every instance, where gas is sold and marketed by Interstate for fuel for industrial consumption, said gas is sold in direct competition with other fuels; and, in many instances in which the gas is so sold, the contracts under which it is sold provide for varying and fluctuating prices which are controlled and determined by the fluctuating prices at which crude oil is sold; and, in instances where gas is sold by Interstate to municipal corporations and other companies for sale and distribution by such purchasers for domestic consumption, said gas is not the only fuel available for such consumption; and, in many instances, residents of the community so supplied with gas are burning oil, wood and other fuels other than natural gas. Certain communities located near and adjacent to the pipe line of Interstate, namely, Baskin, Mangham, ..., and ..... are supplied with natural gas for fuel purposes through pipe line facilities other than the pipe line owned and operated by Interstate, and a gas field now exists in East Baton Rouge Parish near the City of Baton Rouge, Louisiana, and the pipe line of Interstate is not the only source of supply of natural gas available to such communities.

.....

Sworn To And Subscribed, before me, on this, the ..... day of ....., A. D., 1939.

.....

Notary Public.

In the United States Circuit Court of Appeals for the Fifth Circuit.

Interstate Natural Gas Company, Incorporated, Petitioner,
vs. No. 10701.
Federal Power Commission et al., Respondent.

I, Joseph H. Guthrie, Acting Secretary of the Federal Power Commission and official custodian of the records of said Commission, do hereby certify that the attached are true copies of:

	Title of Document	Vol. No.	Page No.
1.	Transcript of hearings held June 17, 18, 19 and 20, 1942	I	1
2.	Transcript of hearings held June 22, 23, 30, and July 1, 1942	II	593
3.	Transcript of oral argument heard October 14, 1942	II	1054
4.	The exhibits, set forth below, offered in evidence at the hearings held June 17, 18 19, 20, 22, 23, 30, and July 1, 1942:		

Exhibit No.	Title of Document	Vol. No.	Page No.
1	Certified copy of Louisiana Public Service Commission Order No. 20,090	III	1167
2	Certified copy of Louisiana Public Service Commission Order No. 20,217	III	1174
3	General description of the organization, property and business of Interstate Natural Gas Company, Inc.	III	1177
4	Agreement between Standard Oil Company (New Jersey) and Ford, Bacon and Davis, Inc., dated October 9, 1925	III	1195

Exhibit No.	Title of Document	Vol. No.	Page No.
5	Acreage map showing the acreage in the Monroe Field of Interstate Natural Gas Company, Inc., United Carbon Company, Southern Carbon Company, Hope Producing Company and Union Producing Company	III	1213
6	Field line map showing all of the field lines of Interstate Natural Gas Company, Inc., showing, also, in colors, certain acreage within the Monroe Field	III	1215
7	Main line map showing the main pipeline of Interstate Natural Gas Company, Inc., beginning at De Siard Compressor Station and running to Baton Rouge	III	1217
8	List of Rate Schedules, designated "Field Sales" filed by Interstate Natural Gas Company, Inc., with the Federal Power Commission	III	1219
9	Rate Schedule F. P. C. No. 4, covering the sale of natural gas by Interstate Natural Gas Company, Inc. to Mississippi River Fuel Corporation	III	1227
10	Rate Schedule F. P. C. No. 24, covering the sale of natural gas by Interstate Natural Gas Company, Inc. to Southern Natural Gas Company	III	1297
11	Rate Schedule F. P. C. No. 15, covering the sale of natural gas by Interstate Natural Gas Company, Inc. to United Gas Pipeline Company	III	1412
12	Rate Schedule F. P. C. No. 6, covering the sale of natural gas by Interstate Natural Gas Company, Inc. to the		

Exhibit No.	Title of Document	Vol. No.	Page No.
	United Gas Pipeline Company (account of Memphis Natural Gas Company)	III	1519
13	Rate Schedule F. P .C. No. 16, covering the transportation of natural gas by Interstate Natural Gas Company, Inc. for United Gas Pipeline Company, successor to Southern Gas & Fuel Company	IV	1627
14	List of rate schedules covering sales to distributing companies, filed by Interstate Natural Gas Company, Inc., with Federal Power Commission	IV	1771
15	Rate Schedule F. P. C. No. 12, covering natural gas sold by Interstate Natural Gas Company, Inc. to Buffalo Gas Company, Wilkinson, Mississippi	IV	1788
16	Rate Schedule F. P. C. No. 22, covering natural gas sold by Interstate Natural Gas Company, Inc. to the town of Centerville, Centerville, Mississippi	IV	1805
17	Rate Schedule F. P. C. No. 8, covering natural gas sold by Interstate Natural Gas Company, Inc. to the village of Gonzales, Louisiana	IV	1836
18	Rate Schedule F. P. C. No. 10, covering natural gas sold to Gulf States Utilities Company, successor to Baton Rouge Electric Company, Baton Rouge, Louisiana, to supply consumers located in Inniswold Plantation, East Baton Rouge Parish, Louisiana	IV	1862
19	Rate Schedule F. P. C. No. 19, covering natural gas sold by Interstate Natural		

Exhibit No.	Title of Document	Vol. No.	Page No.
	Gas Company to Gulf States Utilities Company, successors to Baton Rouge Electric Company, Baton Rouge, Louisiana, to supply consumers located in the City of Baton Rouge, Louisiana	IV	1890
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all of which constitute the record before the Federal Power Commission in the matter of Interstate Natural Gas Company, Incorporated, Docket No. G-149, and Louisiana Public Service Commission vs. Interstate Natural Gas Company, Incorporated, Docket No. G-132.

In witness whereof I have hereunto subscribed my name and caused the seal of the Federal Power Commission affixed this 9th day of August, 1943, at Washington, D. C.

J. H. GUTRIDE,
Acting Secretary.

(Seal)

That thereafter the following proceedings were had in said cause in the United States Circuit Court of Appeals for the Fifth Circuit, viz:

ARGUMENT AND SUBMISSION.

Extract from the Minutes of May 13th, 1946.

Interstate Natural Gas Company, Incorporated,
versus No. 10701.
Federal Power Commission, Louisiana Public Service Commission, City of New Orleans, Louisiana, City of Baton Rouge, Louisiana.

On this day this cause was called, and after argument by William A. Dougherty, Esq., for petitioner, Donald C. McCreery, Esq., for Amicus Curiae, and Charles E. McGee, Esq., Assistant General Counsel, Federal Power Commission, for respondents, was submitted to the Court.

OPINION OF THE COURT AND DISSENTING OPINION BY WALLER, CIRCUIT JUDGE.

Filed August 3, 1946.

IN THE
UNITED STATES CIRCUIT COURT OF APPEALS
FOR THE FIFTH CIRCUIT

No. 10701

INTERSTATE NATURAL GAS COMPANY, INCORPORATED,

Petitioner,

versus

FEDERAL POWER COMMISSION, LOUISIANA PUBLIC SERVICE COMMISSION, CITY OF NEW ORLEANS, LOUISIANA, CITY OF BATON ROUGE, LOUISIANA,

Respondents.

Petition for Review of an Order of the Federal Power Commission, Washington, D. C.

(August 3, 1946.)

Before SIBLEY, HUTCHESON and WALLER, Circuit Judges.

HUTCHESON, Circuit Judge: The proceeding under review here was brought under Section 5(a)[1] of the

[1] "Sec. 5(a) Whenever the Commission, after a hearing had upon its own motion or upon complaint of any State, municipality, State Commission, or gas distributing company, shall find that any rate, charge, or classification demanded, observed, charged, or collected by any natural-gas company in connection with any transportation or sale of natural gas, subject to the jurisdiction of the Commission, or that any rule, regulation, practice, or contract affecting such rate, charge, or classification is unjust, unreasonable, unduly discriminatory, or preferential, the Commission shall determine the just and reasonable rate, charge, classification, rule, regulation, practice, or contract to be thereafter observed and in force, and shall fix the same by order:"

Natural Gas Act[2] as a general investigation of the reasonableness of all the rates of petitioner, subject to the jurisdiction of the commission.

Petitioner, as to all of its rates sought to be investigated, denied that any of them were unreasonable, and as to sales of natural gas, made by it in the Monroe Gas Field to certain pipe line companies,[3] it insisted that the rates and charges were not within the jurisdiction of the commission, that, indeed, as part of the production and gathering of the gas; they were by the statute expressly withdrawn from its jurisdiction.

The Commission found that all of the sales to these companies were "sales of natural gas in interstate commerce for resale for ultimate public consumption" within the meaning of Section 1 (b),[4] the jurisdictional section of the act, and that the charges made were unreasonable. Its order required reductions in these rates from 7.39¢ to 4.66¢ per M.c.f.

Petitioner is here complaining: (1) that the sales were not within, but were expressly excluded from, the jurisdiction of the commission; and (2) that the order as to them is confiscatory. In support of its first position, it relies not only on the language of the act, but on what

[2] 52 Stat. 821, 15 USC, Sec. 717.

[3] Mississippi River Fuel Corp.; Southern Natural Gas Co.; United Gas Pipe Line Co. for account Memphis Natural Gas Co.

[4] Sec. 1(b) of the Natural Gas Act provides:

"The provisions of this act shall apply to the transportation of natural gas in interstate commerce, to the sale in interstate commerce of natural gas for resale for ultimate public consumption for domestic, commercial, industrial, or any other use, and to natural-gas companies engaged in such transportation or sale, but shall not apply to any other transportation or sale of natural gas or to the local distribution of natural gas or to the facilities used for such distribution or to the production or gathering of natural gas."

it calls "authorized statements of commission representatives", and "legislative history". In support of its second position it points to the fact that the charges the order fixed as reasonable are considerably less than the average price, 5.5¢, which petitioner pays for gas purchased by it in the field, and that 1.1¢ must be added to this as gathering costs. Thus for gas which cost it 6.6 cents, the order allows it to charge only 4.66 cents.

In answer to petitioner's first position, the Commission points to the precise language of the section, that the provisions of the act "shall apply to the sale in interstate commerce . . . for resale for ultimate public consumption . . ."; to the undisputed fact admitted by petitioner that the sales the order deals with are in interstate commerce; to the legislative history of the act in question as distinguished from the history of prior acts introduced but not enacted into law, on which petitioner relies; and to Peoples Natural Gas vs. The Commissioner, 123 F(2) 153; and other cases which it claims support its view.

As to petitioner's second point, that the order was confiscatory, the Commission invokes the settled principle that the rate order must be viewed not piecemeal but in its entirety, that, in short, if as a whole the order affords just compensation, the fact that some particular rate in the schedule of rates, viewed by itself alone, may appear to be low, is immaterial. Basing on that principle, it points to the admitted fact that the rate schedules as a whole established by the order are producing a 6.5% return on the rate base fixed. As to the precise rates, the Commission insists that since petitioner operates an integrated pipe line system in which both produced and pur-

chased gas are commingled and disposes of a great part of its gas to others than these pipelines in question, there is no way of knowing just what is the source of the gas delivered to petitioner's pipeline customers. By figures it demonstrates that the cost of the gas produced is less than the 4.66¢ allowed, and it insists that it is not, and cannot be, made to appear that that charge even by itself is confiscatory.

We agree with the Commission that the rates are within its jurisdiction and that petitioner has failed to show that they are confiscatory.

Disposing first of the question of compensation, we need not inquire whether, if it stood alone, the rate allowed would be confiscatory. It is sufficient to say that the Commission is correct in its position that the rate order must be viewed in its entirety, and that "it is not the theory but the impact of the rate order which counts. If the total effect of the rate order cannot be said to be unjust and unreasonable, judicial inquiry under the act is at an end". *Federal Power Comm. v. Hope Natural Gas*, 320 U. S. 591; *Panhandle v. Federal Power*, 324 U. S. 635; *Cities Service Co. v. Federal Power Comm.*, 10th Circuit, April 30, 1946.

On the jurisdictional point, we think the language employed in the bill as it finally passed, "The provisions of this act shall apply . . . to the sale in interstate commerce of natural gas for resale for ultimate public consumption, and to natural gas companies engaged in such transportation or sale", leaves in no doubt that the sales in question are within its purview. That they are sales in interstate

commerce, we think is settled by the authorities.[5] That the gas was sold for resale for ultimate public consumption, we think may not be doubted. This being so, the exception of the statute that it shall not apply to "any other * * * sale of natural gas" is unavailing to petitioner, for if the sale is the kind named in the first quoted clause, it certainly cannot be "any other sale".

We think petitioner's difficulties in construction and interpretation arise out of the fact that, treating unlike things as alike, it tries to read the exception with respect to production or gathering as an exception with respect to sales. There is no warrant in the act for so doing. It is very simply and plainly written. After stating what it shall apply to, it then states what it shall not apply to. Under familiar rules of construction, a negation in or exception to a statute will be construed so as to avoid nullifying or restricting its apparent principal purpose and the positive provisions made to carry them out. No conflict with them will, therefore, be found unless the conflict is clear and inescapable and then only in the precise point of the conflict. *Cf. Hartford v. Federal Power*, 131 F(2) 933. Here the statute was drawn to regulate, it picked out for inclusion "sales in interstate commerce of natural gas for resale for ultimate public consumption". It excluded from the scope of the act sales other than of this kind. It included transportation in interstate commerce. It excluded local distribution of natural gas.

Unnecessarily perhaps but in the interest of making clear that the act gave jurisdiction only over sales and

[5] Missouri v. Kansas Gas Co., 265 U. S. 298; Public Service Comm. v. Attleboro Steam & Elec. Co., 273 U. S. 83.

transportation of the kind described in it, it used language removing from any doubt that the Commission was not to have jurisdiction over properties used for production and local distribution or the activities of production and gathering. It did this by expressly providing that the act should not apply "to the facilities used for such [i. e. local] distribution or to the production or gathering of natural gas."

In *Peoples Natural Gas Co. v. Federal Power Comm.*, 127 F(2) 153, the court found that a sale in Pennsylvania to an interstate pipeline company which immediately transported it to New York was a sale of natural gas in interstate commerce for resale, and, so finding, held that the provision that the act did not apply to production or gathering did not limit the commission's jurisdiction over such sales.[6]

In the Canadian River Gas case, 324 U. S., at pp. 602-3, the Supreme Court rejected the argument which petitioner advances here that unless the meaning it contends for is given to the provision with respect to gathering and distribution, that provision will be meaningless. It said:

> "That does not mean that the part of Sec. 1 (b) which provides that the Act shall not apply 'to the production or gathering of natural gas' is given no meaning. Certainly that provision precludes the Commission from any control over the activity of producing or gathering natural gas. For example, it makes plain that the Commission has no control over the drilling and spacing of wells and the like.

[6] Cf. Missouri v. Kansas Gas Co.; Public Service Comm. v. Attleboro Steam & Electric Co., supra.

> It may put other limitations on the Commision. We only decide that it does not preclude the Commission from reflecting the production and gathering facilities of a natural gas company in the rate base and determining the expenses incident thereto for the purposes of determining the reasonableness of rates subject to its jurisdiction."

A careful reading of petitioner's brief, especially of that portion of it devoted to the legislative history, shows that its difficulties flow from the fact that it does not distinguish between the Lea Bill, House Bill No. 11,662, proposed in 1936, but never passed, and the bill which became the law now under review. Legislative history "cannot be resorted to for the purpose of construing a statute contrary to the natural import of its terms * * *. If the language be clear, it is conclusive". *Peoples Natural Gas Co. v. Federal Power Comm., supra*, quoting from *United States v. Shreveport Grain Co.*, 287 U. S. at page 83. Certainly the legislative history of a bill that was not adopted cannot be resorted to to construe a bill that was.

It is quite plain that from the time the Lea Bill was introduced until the Natural Gas Act was passed, the ideas of the proponents of the legislation underwent considerable change. The purpose of the Natural Gas Act, as shown in the Senate and House Committee reports, which are identical, was to provide for the regulation of natural gas companies transporting and selling natural gas in interstate commerce. Its proponents were not interested in the production of gas or the individual sales of gas at the well. Nor were they interested in gathering of the gas in the field. What they were interested in, as the report in terms states,

what they were trying to reach, was wholesale sales of gas. Says the report:

> "There is no intention in enacting the present legislation to disturb the states in their exercise of such jurisdiction. However, in the case of sales for resale, or so-called wholesale sales in interstate commerce, (for example sales by producing companies to distributing companies) the legal situation is different. Such transactions have been considered to be not local in character, and, even in the absence of congressional action, not subject to state regulation. (See *Missouri v. Kansas Gas Co.*, (1924), 265 U. S. 298, and *Public Service Commission v. Attleboro Steam & Electric Co.*, (1927), 273 U. S. 83). The basic purpose of the present legislation is to occupy this field in which the Supreme Court has held that the States may not act."

It would be difficult to conceive language better adopted to achieve this purpose than the language of the act in question here. It would be difficult to find a case more clearly illustrating the mischief which the act was supposed to remedy, more fittingly applying the remedy. The statute expressly provides that "it shall apply to the transportation of natural gas in interstate commerce, to the sale in interstate commerce of natural gas for resale for ultimate public consumption for domestic, commercial, industrial, or any other use, and to natural-gas companies engaged in such transportation or sale * * *". It is conceded that Interstate is a natural gas company engaged in interstate transportation and sale, and it is further established that it, in *Interstate Natural Gas Co. v. Public Service Comm.*, 33 Fed. Supp. 50, 34 Fed. Supp. 980, success-

fully contended in the Federal Court that sales to the pipelines in question were sales in interstate commerce and beyond the reach of the State Commission. This is not to say that its success in so contending would estop it from claiming the contrary here or that the decision it obtained there is controlling here. It is to say though that the position it took and the decision it obtained give force and color to the avowed purpose of the Natural Gas Act as House and Senate Committees stated it, and that it seems clear to us that it would be difficult to find a case falling more clearly within both the purpose and the language of the act. *Cf. Missouri v. Kansas Gas Co., Public Service Comm. v. Attleboro Steam & Electric Co., supra.*. The record shows no ground for setting aside or modifying the order. The petition for its review is DENIED.

WALLER, Circuit Judge, dissenting: In order to set out my views more clearly on this controversy I shall state some facts in addition to those set forth in the main opinion.

Petitioner owns 110 producing gas wells and controls 56,555 acres of natural gas lands in the Monroe Gas Field of Louisiana. It gathers the gas from its wells and also that which it buys from other wells, and, through its own pipe lines, transports same to points within the State of Louisiana where it is delivered to interstate pipe line companies which in turn transport the gas to individual customers and to utilities in other states which then sell the gas to the ultimate consumer. It is the price received in Louisiana for gas, produced in Louisiana, gathered in Louisiana, sold in Louisiana, delivered in Louisiana, and to which all right, title, and interest passes in Louisiana, that the Commission has fixed in the order here under review.

Before the gas is transported by the interstate pipe line companies it is first compressed, and its continuous transmission is thus temporarily arrested as it is made ready for its journey in interstate transportation.

Petitioner, of course, knows that the gas which it produces, gathers, and sells will be transported by the purchasers in interstate commerce by whom it will be sold directly to the ultimate consumers or to the owners of distribution systems who will, in turn, sell it to ultimate consumers, in other states.

In another phase of Petitioner's business it transports and sells some of its gas to points in Louisiana

by a pipe line, which, however, runs through a portion of the State of Mississippi. This activity is definitely in interstate commerce, regulable, and regulated, by the Commission, but it, admittedly, is not in issue here. The appeal is from the order of the Commission reducing the selling price in Louisiana of Petitioner's gas to certain interstate pipe line companies from 7.39¢ to 4.66¢ per thousand cubic feet.

Petitioner is in no wise affiliated with any of these purchasers of its gas, as was the situation in *PEOPLES NATURAL GAS CO. v. FEDERAL POWER COMMISSION*, 127 F. 2d 153, and in *ILLINOIS GAS CO. v. PUBLIC SERVICE COMPANY*, 314 U. S. 498. In neither of those cases was the Appellant a producer of natural gas as is Petitioner in the case at bar.

The Act by its terms applies: (1) to transportation in interstate commerce of natural gas; (2) to the sale of natural gas in interstate commerce for resale for ultimate public consumption; and (3) to natural gas companies engaged in interstate transportation or sale of natural gas.

In *PHILLIPS PETROLEUM COMPANY v. OCHSNER*, 146 F. 2d 138, this Court [footnote 1] noted that under the natural gas contracts in force in the Panhandle Gas Field of Texas "the producer is required to gather the gas at the well and deliver it into the main pipe line of the pipe line company under certain required pressures, * * *." In the present case, Petitioner gathers and delivers its gas to the interstate pipe lines.

It seems that the gathering, and transporting to market, are necessary incidents to the production of gas, for there can be no sustained production unless the gas can be collected and carried to market. "Transportation and sale do not include production or gathering." *COLORADO INTERSTATE CO. v. FEDERAL POWER COMMISSION*, 324 U. S. 581, text 598.

Congress refused in the Act to confer upon the Federal Power Commission the right to regulate the production, or the power to regulate the gathering, of natural gas. The view seems to be quite reasonable that it did not undertake to regulate the gathering of natural gas because it, doubtless, recognized that gathering was a necessary incident to production—a purely local activity. We do not have here a case where the producer is admittedly regulable, whose producing and gathering facilities must be taken into account in the over-all pattern of rate making, as in *COLORADO INTERSTATE CO. v. FEDERAL POWER COMMISSION, supra*.

Without doubt, had Congress desired to exercise the full extent of its power in the regulation of interstate commerce in natural gas, it could have empowered the Commission to regulate, as isolated activities, also the production and gathering of natural gas when same is produced or gathered with knowledge that sale, shipment, and delivery in interstate commerce was intended, as it did, for example, in Sec. 15a of the Fair Labor Standards Act [Sec. 215a (1), Title 29, U. S. C.]. Congress could easily have given the Act a broader scope by conferring the power upon the Commission

to regulate any operation or movement of natural gas which might retard its commercial or industrial use, or which might otherwise adversely affect interstate commerce. It could have made the Act applicable to any facilities that *affect* interstate transportation as in the Federal Employers' Liability and Interstate Commerce Commission Acts. It could have defined interstate commerce in natural gas so as to include the production, or the gathering, of natural gas for commerce to the same purpose and extent as was done in the Fair Labor Standards Act wherein "goods produced for commerce" were placed within the coverage of the Act. Instead of doing that, Congress expressly stated that the provisions of the chapter should be applicable only to three specific situations, viz., the transportation in interstate commerce, the sale in interstate commerce for resale for ultimate public consumption, and to natural gas companies engaged in such transportation or sale. After outlining the scope of the Commission's power, Congress then set out the restrictive enactment that the Act should not apply to any other transportation or sale of natural gas nor to the local distribution of natural gas, nor the facilities used for such local distribution, nor to the production or gathering of natural gas. The Act cannot be applicable to the production and gathering of natural gas except as the valuation of its producing and gathering facilities are inherently a part of the value that must be taken into consideration in regulating rates of natural gas companies engaged in transportation and sale of gas in interstate commerce.

What is meant by a "sale in interstate commerce"? The Act contains its own definition, and there is no occasion for the Court to invent one. This feature of the Act does not appear to have received attention in the majority opinion nor in *PEOPLES NATURAL GAS CO. v. FEDERAL POWER COMMISSION*, *supra*, nor in *ILLINOIS GAS CO. v. PUBLIC SERVICE CO.*, *supra*. Sec. 717a (7), Title 15, U. S. C., defines "interstate commerce" to mean "commerce between any point in a State and any point outside thereof, or between points within the same State but through any place outside thereof, * * *." This unapplied definition presents the main point of divergence between my views and those of the majority. The sale made by the Petitioner here was not between any point in the State of Louisiana and any point outside of Louisiana. It was not a contract of sale made in Louisiana with delivery of the commodity to be in another state. The sale was made and the title passed in Louisiana. Petitioner had no further right, title, interest, or concern in such gas after the delivery to the purchaser. Nor did its interstate pipe line purchaser have any further obligation to Petitioner to carry or to safely deliver, the gas which Petitioner had delivered to it. There was no continuity of responsibility or liability for the subsequent and safe carriage of the gas as is the case in ordinary movements of commodities in interstate commerce. Petitioner had no interest in what happened to the gas after its delivery to purchaser. Delivery, which is an element of every sale, was completed in Louisiana without the use of any facilities of interstate commerce. I can see no sale in interstate commerce, as defined by the Act, made by the Petitioner. True, it made

a sale with knowledge that the gas was intended to be transported and sold by its purchaser in interstate commerce, but that is not a sale by it in interstate commerce within the coverage of the Act.

What is meant by "transportation in interstate commerce"? Under the definition of interstate commerce in the Act it can only mean the transportation from a point in Louisiana to a point outside that state in the carriage of natural gas. Petitioner is not a carrier of gas for hire such as would characterize it as a part of an interstate system of interstate transportation. Its function is analogous to that of a tram road, or dummy line, of a saw mill that locally hauls its own lumber to the common carrier.

The language of the Act that the provisions of this chapter shall apply "to natural-gas companies engaged in such transportation or sale," does not sustain the Commission's contention in the present case because the Petitioner does not sell nor transport the gas, upon which the price is sought to be regulated, except in the State of Louisiana and, therefore, is not a natural gas company under the definition in Sec. 717a(6), Title 15, U. S. C.[1] The "sale of natural gas in interstate commerce for resale" means a sale, calling for delivery across state lines, to a purchaser which resells to the ultimate consumer, as, for instance, a sale by a pipe line customer of Petitioner in Louisiana to the owner of a gas distribution system in Memphis who will in turn resell it to its consumers.

[1] "'Natural-gas company' means a person engaged in the transportation of natural gas in interstate commerce, or the sale in interstate commerce of such gas for resale." Sec. 717a(6); Title 15, U. S. C.

It seems to require an artificial conjoining of phrases, or verbal manipulation, to place into the Act this interpretation by the majority:

> [The Act] "shall not apply to the facilities used for such [i. e. local] distribution or to the production or gathering of natural gas."

The language of the Act is not that it shall not apply to "*the facilities* used for the production or gathering of natural gas", but that it "shall not apply to any other transportation or sale of natural gas or to the local distribution of natural gas or to the facilities used for such distribution or *to the production or gathering of* natural gas." "The facilities *used to* the production or *to* the gathering of natural gas" would be such an unusual or odd expression that it ought not to be ascribed to Congress. The term "facilities" can only refer to the facilities used in the local distribution of gas in cities and towns. I am unable to accept the view that the Act merely withheld from the Commission "jurisdiction over properties" or facilities of producers and gatherers.

The construction of the Act given to it by the Power Commission and the majority of this Court appears to nullify the plain intent of Congress to expect from the operation of the Act the production and the gathering of gas when the producer, gatherer, and the seller, neither transports nor sells gas in interstate commerce, and when the Act nowhere gives the Commission jurisdiction to regulate the production or the gathering and intrastate transportation of gas merely because producer or seller or gatherer knows that the purchaser of such

gas will in turn transport it in interstate commerce and sell it in another state chiefly to those who will there resell it to the ultimate consumer.

Congress had the power to have regulated both the production and the intrastate gathering of natural gas when produced and gathered with knowledge that it would be transported or sold in interstate commerce in the same fashion that it did in the Fair Labor Standards Act. But in the present Act Congress wholly failed to take over the regulation of these two phases of the industry, and, in the face of the statute and in the absence of appropriate legislation they must be deemed to be only local activities.

Natural gas must be transported to market to the same extent as any other commercial production. The gathering and transporting of gas to a place of sale is as essential to the production of gas as is the drilling of a gas well. Regulation of the production of natural gas is forbidden, but if the Commission is given the power to regulate the price which the producer and gatherer receives at the end of the intrastate journey at the pipe line of the interstate purchaser, it is also given the power to regulate production. If the price which the producer and gatherer gets for the gas which he has produced and gathered is less than it costs to produce it, production will be thereby regulated indirectly, but, withal, as effectively as if Congress had expressly conferred such authority upon the Commission.

The custom in the industry is for the producer to bring his gas to the interstate pipe line for market

The farmer, for instance, who produces cotton transports it to market where, let us assume, he has previously agreed to sell it to a New England cotton mill. He produced, gathered, and transported that cotton to market in Louisiana and even though he knew that the cotton was to be shipped to New England, he would not be engaged in the transportation or sale of cotton in interstate commerce, and, therefore, regulable, unless Congress had declared otherwise. Congress has the power to regulate enterprises which, in isolation, are purely local, provided such enterprises are determined by Congress to substantially affect interstate commerce or the free flow of goods in commerce. This Congress did not attempt to do in the statute under consideration.

Believing that courts should construe statutes instead of making them, I am unwilling to participate in writing into the Act that which Congress expressly undertook to keep out, even if by so doing a better statute would result.

JUDGMENT.

Extract from the Minutes of August 3, 1946.

Interstate Natural Gas Company, Incorporated,
versus No. 10701.
Federal Power Commission, Louisiana Public Service Commission, City of New Orleans, Louisiana, City of Baton Rouge, Louisiana.

This cause came on to be heard on the petition of Interstate Natural Gas Company, Incorporated, for a review of the order of the Federal Power Commission, entered April 27, 1943, in consolidated proceedings entitled: "Louisiana Public Service Commission, Complainant, v. Interstate Natural Gas Company, Incorporated, defendant, Docket No. G-132", and "In the Matter of Interstate Natural Gas Company, Incorporated, Docket No. G-149", and was argued by counsel;

On consideration whereof, it is now here ordered, adjudged and decreed by this Court that the petition of Interstate Natural Gas Company, Incorporated, for its review be, and the same is hereby, denied.

"Waller, Circuit Judge, dissents."

ORDER EXTENDING TIME TO FILE REHEARING.

Extract from the Minutes of August 21, 1946.

Interstate Natural Gas Company, Incorporated,
versus No. 10701.
Federal Power Commission, Louisiana Public Service Commission, City of New Orleans, Louisiana, City of Baton Rouge, Louisiana.

It Is Ordered By The Court that the time in which to file applications for rehearing from the decree rendered herein on August 3, 1946, be and the same is hereby extended as to all interested parties up to and including the 7th day of September, 1946.

(Signed) J. C. HUTCHESON, JR.,
United States Circuit Judge.

August 21, 1946.

PETITION FOR REHEARING.

Filed September 5, 1946.

IN THE
UNITED STATES CIRCUIT COURT OF APPEALS
FOR THE FIFTH CIRCUIT.

No. 10701.

INTERSTATE NATURAL GAS COMPANY, INCORPORATED.

Petitioner,

versus

FEDERAL POWER COMMISSION, LOUISIANA PUBLIC SERVICE COMMISSION, CITY OF NEW ORLEANS, LOUISIANA, CITY OF BATON ROUGE, LOUISIANA,

Respondents.

Petition for Review of an Order of the Federal Power Commission, Washington, D. C.

PETITION FOR REHEARING.

Comes now Interstate Natural Gas Company, Incorporated, petitioner herein, and respectfully petitions this Court for a rehearing, reconsideration and vacation of the

opinion and judgment entered pursuant thereto on August 3, 1946.

In holding that the sales of natural gas made by petitioner from its production and gathering system to three pipe line companies in the Monroe Field are sales in interstate commerce for resale within the provisions and meaning of the Natural Gas Act, this Court has misconstrued the plain provisions of the Act, has added by judicial construction a meaning never intended by Congress, has confused the facts of petitioner's pipe line operations with its field sales made and completed within Louisiana, and has disregarded certain important factors bearing upon the correct interpretation of the legislative intent.

In refusing to inquire into or examine the facts which petitioner claims establish the unjustness and unreasonableness of the rate of 4.66¢ for its field sales, the Court has denied to petitioner the judicial review to which it is entitled under Section 19(b) of the Act.

The reasons and grounds which justify a rehearing herein are as follows:[1]

1. In stating that:

> "On the jurisdictional point, we think the language employed in the bill as it finally passed, 'The provisions of this act shall apply . . . to the sale in interstate commerce of natural gas for resale for ultimate public consumption, and to natural gas companies engaged in such transportation or sale' leaves in no doubt that the sales in question are within its purview." (p. 4.)

[1] References to pages of the Court's print of the opinion are made thus: (p. . . .)

The Court wholly disregarded the provisions of Section 1 (a) and the definition of interstate commerce in Section 2 (7) of the Act, and by so doing expanded the application of the Act to a type of sale not intended by Congress to be price regulated. This constitutes judicial legislation and is prejudicial error.

2. Although finding that the sales in question were made in the Monroe Field (p. 2), which means that they are in fact completed intrastate transactions in Louisiana, and not holding that the gas so sold was actually transported in interstate commerce by petitioner prior to sale, nevertheless the Court states:

> "That they are sales in interstate commerce, we think is settled by the authorities." (p. 4.)

Neither of the cases relied on involved a sale in the field and completed in the State of origin prior to transportation to another State. The Court has misconceived the true holding of these cases and has misapplied them to sales completed in Louisiana preceding transportation in interstate commerce. The Court's holding is not the law under the Natural Gas Act.

3. Having erroneously interpreted the affirmative jurisdictional provisions of the Act to include the field sales in question, the Court further erred in holding unavailable to petitioner the exception of the statute that it shall not apply to any other sale of natural gas (p. 5).

4. The Court erred in refusing to give full force and effect to the exception of Section 1 (b) with respect to

production and gathering, and in holding that such exception did not apply to the field sales made and completed by petitioner within the producing field from its production and gathering system prior to any transportation in interest commerce, and in concluding:

> "There is no warrant in the act for so doing." (p. 5.)

5. That portion of the opinion which reads:

> "Unnecessarily perhaps but in the interest of making clear that the act gave jurisdiction only over sales and transportation of the kind described in it, it used language removing from any doubt that the Commission was not to have jurisdiction over properties used for production and local distribution or the activities of production and gathering." (pp. 5-6.)

incorporates into the statute words that are not there, since the words "properties" or "facilities" are not used in reference to production or gathering. Such interpretation is unjustified, is contrary to the plain language of the statute, and indicates a misconception by the Court as to the true meaning of the production and gathering exclusion.

6. The Court has erroneously applied the holding in the opinion in *Canadian River Gas Company v. Federal Power Commission*, 324 US 581. No sale from the producing or gathering system was there involved and the meaning petitioner contends for here was not before the Supreme Court. The use of the *Canadian* case as a justification for rejecting petitioner's argument indicates a misconcep-

tion by the Court of the language quoted and results in a ruling that is not the law of the *Canadian* case.

7. The Court erred in refusing to give any weight whatsoever to the legislative history of prior bills considered by congressional committees, although all of such bills left production and gathering free from regulation, and such bills were a part of a continuous consideration of the proposed regulation of transportation and sale in interstate commerce of natural gas. The Court misunderstood the correct sequence of events and treated the bill which was enacted into law as something contrary to the previous proposals respecting production or gathering. This appears from the Court's statement that the legislative history of a bill that was not adopted "cannot be resorted to to construe a bill that was". (p. 7.)

8. The statement in the opinion:

> "It is quite plain that from the time the Lea Bill was introduced until the Natural Gas Act was passed, the ideas of the proponents of the legislation underwent considerable change." (p. 7.)

is a misstatement as to the character of sales here involved and as to the production or gathering of gas. The Court is in fact saying that the intent of Congress originally was to exclude sales made from production and gathering systems and finally was to authorize such sales to be regulated. This is not the fact. Any changes in the ideas of the proponents related solely to the interstate transportation of gas and to sales made after such transportation. Neither in the enacted law nor in any

preceding bill was there any intent to regulate sales from producing or gathering systems. Nothing occurred subsequent to H. B. 11662 to show an intent to include production or gathering under regulation. The failure of the Court to realize this continuity of intent has misled the Court to the erroneous conclusions in its opinion.

9. The misunderstanding of the Court of the facts of the legislative history, and the misapplication of the statute to the sales in question, is emphasized by this statement:

> "Its proponents were not interested in the production of gas or the individual sales of gas at the well. Nor were they interested in gathering of the gas in the field." (p. 7.)

Whether the sale be made at the well or after the gas is gathered from the well the same intent of exclusion is in the law, and the Court erred in failing to apply the intent here stated to petitioner's sales.

The Court next makes this statement:

> "What they were interested in, as the report in terms states, what they were trying to reach, was wholesale sale of gas." (pp. 7-8.)

This shows confusion as to the true intent of the legislation since patently "individual sales of gas at the well" are of a necessity wholesale sales unless consumed by the purchaser.

10. The Court has confused the character of sales made by petitioner in the field with sales made after trans-

portation of the gas through the trunk lines radiating from the Monroe Field. This is clear from the language wherein the Court says:

> "It is conceded that Interstate is a natural gas company engaged in interstate transportation and sale, and it is further established that it, in *Interstate Natural Gas Co. v. Public Service Comm.*, 33 Fed. Supp., 50, 34 Fed. Supp. 980, successfully contended in the Federal Court that sales to the pipelines in question were sales in interstate commerce and beyond the reach of the State Commission." (pp. 8-9.)

This evidences a misunderstanding of the concession of petitioner which relates not to the sales here involved but to its trunk pipe line extending to Baton Rouge, and to sales made from that line to distributing companies for resale which admittedly are subject to the Commission's jurisdiction. The sales sought to be held free from price control are in fact made and completed as intrastate transactions, and are not within the grant of authority under the Act.

11. The Court has denied any review whatsoever to petitioner's claim that the rate order in its impact upon petitioner's production and gathering system is unjust, unreasonable and arbitrary, thereby denying to petitioner its right to judicial review under Section 19 (b) of the Act. The Court's refusal to consider the evidence showing the unjustness and unreasonableness of the 4.66¢ rate seems to be based on the erroneous conception that the rates fixed for sales of gas from petitioner's main pipe line not involved in this proceeding have some relation-

ship to the rate of 4.66¢ and must be considered in passing upon the lawfulness of that rate. This appears from the following portions of the opinion:

(a) The Court states:

> "Disposing first of the question of compensation, we need not inquire whether, if it stood alone, the rate allowed would be confiscatory." (p. 4.)

The rate of 4.66¢ is the only rate order made for field sales and must be considered alone because no other rate is involved or related to it. Rates fixed for sales from petitioner's pipe line contained no surplus allowance to be credited to the 4.66¢ rate.

(b) The Court apparently assumes (p. 3) that the rates fixed by the Commission for sales of gas made from petitioner's pipe line and the rate of 4.66¢ were related, which is not the fact.

(c) The Court states that "the rate order must be viewed in its entirety" (p. 4), yet failed to give any consideration to the facts respecting all the elements affecting the rate of 4.66¢.

(d) Although quoting from Supreme Court decisions which require judicial inquiry into the total effect of the rate order, nevertheless the Court made no inquiry into, and no finding of, facts respecting the prices of gas paid to others, and to other prevailing prices for similar sales in the Monroe Field.

(e) The Court has made no finding that the impact of this rate order on the producing and gathering property of petitioner is not unjust and unreasonable and has given no consideration to the real and confiscatory impact on petitioner's producing and gathering property as shown by actual prices paid in the Monroe Field representing the market value of natural gas sold there.

Wherefore, Interstate Natural Gas Company, Incorporated, prays that the opinion herein be withdrawn, the judgment vacated, and upon rehearing, this Court enter judgment reversing the order of the Federal Power Commission.

Respectfully submitted,

WILLIAM A. DOUGHERTY,
ALDEN T. SHOTWELL,
HENRY P. DART, JR.,
HENRY GRADY PRICE,
Attorneys for Petitioner.

September, 1946.

CERTIFICATE OF COUNSEL.

I, Henry Grady Price, one of counsel for the above-named petitioner, Interstate Natural Gas Company, Incorporated, do hereby declare and certify that the foregoing petition for rehearing is presented in good faith and not for delay.

HENRY GRADY PRICE.

PETITION OF AMICUS CURIAE FOR REHEARING.

Filed September 5th, 1946.

IN THE
UNITED STATES CIRCUIT COURT OF APPEALS
FOR THE FIFTH CIRCUIT.

No. 10,701.

INTERSTATE NATURAL GAS COMPANY, INCORPORATED, a Corporation,

Petitioner,

versus

FEDERAL POWER COMMISSION, LOUISIANA PUBLIC SERVICE COMMISSION, CITY OF NEW ORLEANS, LOUISIANA, CITY OF BATON ROUGE, LOUISIANA,

Respondents.

On Writ of Certiorari to the United States Circuit Court of Appeals for the Fifth Circuit.

PETITION FOR REHEARING BY INDEPENDENT NATURAL GAS ASSOCIATION OF AMERICA, A CORPORATION, AMICUS CURIAE.

Independent Natural Gas Association of America, a corporation, hereinafter referred to as the "Association", *Amicus Curiae* herein, hereby respectfully petitions this Court for rehearing, reconsideration and vacation of its opinion herein under date of August 3, 1946, and the judgment entered pursuant thereto.

This Association represents in its membership a large number of persons and corporations engaged in the production and gathering of natural gas and the sale thereof in the State of origin to others, many of whom transport and sell such natural gas so purchased in interstate commerce for resale. Accordingly, the proper determination and settlement of the issue of Commission jurisdiction over such field sales of natural gas, *presented in this record*, is of transcendent importance not only to the members of this Association but also to all other producers and gatherers of natural gas throughout the gas-producing areas in the United States.

The substantial issues of fact and principles of law misconceived and erroneously decided or disposed of by this Court in its opinion herein, as appears from examination of the record herein, the Commission order, the Natural Gas Act and the controlling judicial decisions and pronouncements relating thereto, are as follows:

I.

This Court *(Court Print of Opinion, pp. 4-5)*, in its disposal of the issue as to whether the complete and outright sales and deliveries made by petitioner, Interstate Natural Gas Company, locally in the Monroe Gas Field within the State of Louisiana to the three pipeline companies, Mississippi River Fuel Corporation, Southern Natural Gas Company and United Gas Pipe Line Company, for the account of Memphis Natural Gas Company) are subject to the rate-regulatory authority and jurisdiction of the Commission, declared:

> *"On the jurisdictional point, we think the language employed in the bill as it finally passed,* 'The provisions of this act shall apply * * * to the sale in interstate commerce of natural gas for resale for ulti-

mate public consumption, and to natural gas companies engaged in such transportation or sale' *leaves in no doubt that the sales in question are within its purview. That they are sales in interstate commerce, we think is settled by the authorities.*" (Citing in suport thereof: *"Missouri v. Kansas Gas Co.*, 265 U. S. 298; *Public Service Comm. v. Attleboro Steam & Elec. Co.*, 273 U. S. 83." (Emphasis added.)

The Court in its opinion herein thus does not disclose why or how, on the record herein, *Interstate Natural Gas Company*, in making the local Monroe field sales in question to the three interstate pipeline companies, is itself engaged, *in fact*, in "transporting and selling natural gas in interstate commerce" *(Court Print of Opinion, p. 5)* for resale, under the terms and within the purpose and meaning of the Natural Gas Act. The opinion, in reality, is a succession of such factual conclusions and legal generalizations, unattended by any examination of the record or of the findings of the Commission or by any exposition showing the controlling relevance of the *Kansas Gas Company* and the *Attleboro Steam & Electric Company* cases which this Court contends are decisive and authoritative here.

The "shall not apply to any other transportation or sale of natural gas" command of the statute is rejected by this Court on the easy assumption that every operation and activity *which Congress in any way could have incorporated into the concept of "interstate commerce"* was so incorporated into the Natural Gas Act, as a part of the plan of Federal regulatory utility control. The Court also failed herein to recognize the actual and specific problem posed by the cases above referred to, which problem was highlighted throughout all Congressional hearings on Federal utility regulation, during the years 1935 to 1938, as

the objective of Congressional legislation on the subject. That problem and the issue of jurisdiction herein presented are wholly dissimilar in fact and in principle. The attached Memorandum Brief discloses this essential dissimilarity.

II.

The statement of this Court *(Court Print of Opinion, p. 5)* "Here the statute was drawn to regulate, it picked out for inclusion 'sales in interstate commerce of natural gas for resale for ultimate public consumption.'" This generalized statement similarly ignores the uncontroverted evidence in the record in this case, that petitioner, Interstate Natural Gas Company, *in fact* is not a participant in any degree in any transportation or sale in interstate commerce for resale of the natural gas here in question. This Court's conclusion that petitioner is a participant, as a matter of law, in the interstate transportation and sales for resale by the three purchasing pipeline companies, ignores entirely the patent record facts. No explanation or disclosure is forthcoming from this Court as to how the petitioner herein is found to be such participant, in the *subsequent* interstate transportation and sales for resale activities *of the three pipeline purchasers* from petitioner in the Monroe Field. This Court does not comment upon and adopt or reject the Commission finding of jurisdiction, predicated *solely* upon the real or supposed fact of a continuous and "constant flow from the mouths of the wells" into the channels of interstate commerce, for which commerce, according to the finding of the Commission, "said gas is so destined from the moment of its production" *(R. V. 1, pp. 82-83)*. Such continuous and constant flow, so-called, is not the foundation, quality or measure of Commission regulatory jurisdiction *within* the meaning of the Act, *as enacted*, or as construed and applied by the Supreme Court of the United States.

III.

The statement of this Court *(Court Print of Opinion, p. 6)*:

> "In *Peoples Natural Gas Co. v. Federal Power Comm.*, 27 F. (2) 153, the court found that a sale in Pennsylvania to an interstate pipeline company which immediately transported it to New York was a sale of natural gas in interstate commerce for resale, and, so finding, held that the provision that the act did not apply to production or gathering did not limit the commission's jurisdiction over such sales." (Citing *"Missouri v. Kansas Gas Co.; Public Service Comm. v. Attleboro Steam & Electric Co., supra.")*

is not authority supporting the Court's disposition of the jurisdictional issue presented in this case, in that:

The Peoples Natural Gas Company and the "interstate pipeline company" there involved, the New York State Natural Gas Corporation, were affiliate companies and constituted a single enterprise, whereas petitioner is not affiliated or associated in any way except as vendor with any of the three purchasing pipelines to which it makes the Monroe field sales here in question. Likewise in the *Kansas Gas* and *Attleboro* cases cited, the *interstate transportation* and the subsequent sale and delivery in the state of destination were all part of the operations of a single company or of a single company and its controlled subsidiary.

IV.

The reference to *(Court Print of Opinion, pp. 5-6)* and quotation from the *Canadian River Gas* case, 324 U. S. at pp. 602-3, *(Court Print of Opinion, p. 6)* overlooks and dis-

regards the fact that the asserted holding of the Supreme Court relied upon did not and does not constitute an authoritative pronouncement of that Court, for the reason that *the views and conclusions therein expressed* by Mr. Justice Douglas were concurred in *only* by himself and Justices Black, Murphy and Rutledge, a minority of that Court.

V.

This Court concludes its opinion with the following *(Court Print of Opinion, pp. 8-9)*:

> "* * * It is conceded that Interstate is a natural gas company engaged in interstate transportation and sale, and it is further established that it, in *Interstate Natural Gas Co. v. Public Service Comm.*, 33 Fed. Supp. 50, 34 Fed. Supp. 980, successfully contended in the Federal Court that sales to the pipelines in question were sales in interstate commerce and beyond the reach of the State Commission. This is not to say that its success in so contending would estop it from claiming the contrary here, or that the decision it obtained there is controlling here. *It is to say though that the position it took and the decision it obtained give force and color to the avowed purpose of the Natural Gas Act as House and Senate Committees stated it*, and that it seems clear to us that it would be difficult to find a case falling more clearly within both the purpose and the language of the act. *(Cf. Missouri v. Kansas Gas Co., Public Service Comm. v. Attleboro Steam & Electric Co., supra.)*" (Emphasis added.)

The foregoing is not responsive to the issue of jurisdiction presented on the facts of this record or to the law applicable to that issue, in that:

The fact that, *aside from the local field sales here in question*, "Interstate is a natural gas company engaged in interstate transportation and sale" for resale does not make such local field sales subject to the rate-regulatory authority of the Federal Power Commission.

The fact that *the local field sales here in question* might affect interstate commerce, or that Congress might have fastened them into interstate commerce by the concept of continuous flow of commerce, does not make such local field sales a part of interstate commerce within the terms and scope of the Natural Gas Act, *as enacted*.

The fact that petitioner, among other things, "successfully contended in the Federal Court that sales to the pipelines in question were sales in interstate commerce and beyond the reach of the State Commission" did not and does not establish and fix the scope and coverage of the Natural Gas Act, which admittedly does not include all rate-regulatory authority which is beyond State jurisdiction. Moreover, the construction of the Natural Gas Act was not involved in any degree or at all in the litigation (1940) referred to by this Court.

It is not a fact or a permissible conclusion of law that "the position it (petitioner) took and the decision it obtained *give force and color* to the avowed purpose of the Natural Gas Act as House and Senate Committees stated it," and presumably to the Act itself as the Congress enacted it. Neither estoppel nor quasi-estoppel can confer or even "give force and color" of subject-matter jurisdiction under law, with respect to this *Amicus Curiae* or any other person. Moreover, the coverage of the Act, as reflected by its terms and its legislative history, became fixed in *1938*, not in 1940.

The statement of this Court "* * * it would be difficult to find a case falling more clearly within both the purpose (i. e. to provide for the regulation of natural gas

companies transporting and selling natural gas in interstate commerce,' *(Court Print of Opinion, p. 7)* and the language of the Act" (i. e. "The provisions of this Act shall apply to the transportation of natural gas in interstate commerce, to the sale in interstate commerce of natural gas for resale * * * but shall not apply to any other transportation or sale * * *" *(Sec. 1(b)* of the Act) overlooks and disregards the one and only question in this case: *Under the terms, and within the meaning of the Act,* is *the petitioner* in making *the local field sales here involved,* "transporting and selling natural gas in interstate commerce"? Concededly the three purchasing pipeline companies do engage in "transporting and selling natural gas in interstate commerce," *after* the respective Monroe Field purchases by them of the natural gas here involved. But, other than by generalized conclusion, the opinion of this Court does not identify petitioner as an actual or legal participant in such subsequent interstate activities of the three pipeline companies. There is no disclosure in the opinion as to the basis upon which the Court's conclusion of participation therein by the petitioner herein is rested or can be maintained *on the facts of this record,* under the terms of the Act.

VI.

This Court, in and by its opinion herein *(Court Print of Opinion, pp. 4-5, 5-6, 7-8, 9)* has made findings of its own, in the absence of findings by the Commission and also in substitution of findings which in fact were made by the Commission, in that:

The Commission rested its order herein *solely on specific findings* of an established course of business between petitioner locally in the Monroe Field and the three non-affiliated pipeline companies involving, so it is said, "a constant flow from the mouths of the wells" into the channels of interstate commerce *(R. V. 1, pp. 82-83).*

This Court, on the other hand, rested its opinion and judgment herein on *the facts assumed by it to be involved and the principles of law applicable thereto*, in the cases of *Missouri v. Kansas Gas Co.*, 265 U. S. 298, *Public Utilities Comm. v. Attleboro Steam & Electric Co.*, 273 U. S. 83, and *Peoples Natural Gas Co. v. Federal Power Comm.*, 127 F. (2d) 153. Neither the facts involved nor the law declared in any of such cases are consonant with the record or the Commission order herein.

None of such cases declared or involved the concept of the continuous or "constant flow" of a commodity from the point of its production into the channels of interstate commerce, upon which, and upon which alone, the Commission order herein must stand or fall.

This Court thus has exceeded the authority delegated to it by *Section 19(b)* of the Act (*Colorado-Wyoming Gas Co. v. Federal Power Comm.*, 324 U. S. 626, 634, 65 S. Ct. 850, 854).

VII.

This Court, in its opinion herein, has overlooked and disregarded, with respect to the jurisdictional issue herein presented, the controlling authority of the case of *Connecticut Light & Power Co. v. Federal Power Comm.*, 324 U. S. 515, 65 S. Ct. 749, as the *enacted* scope of Federal rate-regulatory authority over electric and natural gas utility companies and operations. This Court may not so do, in the proper discharge of its judicial functions.

This Court throughout its opinion herein nevertheless has assumed that Congress, in the Natural Gas Act, provided that the sale of natural gas *intrastate*, locally in the gas field where produced, to a non-affiliated interstate pipeline for subsequent interstate transportation and sale for resale *by such purchaser*, constitutes transportation and sale for resale in interstate commerce also *by the local*

field seller to such interstate pipeline. Such is not the force and effect of *Section 1(b)* of the Act, and was not the intention of the Congress in the enactment thereof, as is expressly and specifically disclosed by comparison of the pattern of Federal rate-regulatory control of *both natural gas and electric utility companies*, as drafted and as proposed by the Federal Power Commission and as actually authorized by the Congress.

Wherefore, Independent Natural Gas Association of America prays that oral argument be granted upon petition for rehearing herein, that the opinion herein be withdrawn, judgment vacated and upon rehearing this cause be remanded to the Federal Power Commission for further proceedings conformable to the facts, to the Natural Gas Act and other controlling law.

Respectfully submitted,

DONALD C. McCREERY,
LEE, SHAW & McCREERY,
Attorneys for Independent Natural Gas Association of America, *Amicus Curiae*.

CERTIFICATE OF COUNSEL.

I, Donald C. McCreery, one of counsel for the above-named *Amicus Curiae*, Independent Natural Gas Association of America, do hereby declare and certify that the foregoing Petition for Rehearing is presented in good faith and not for delay.

DONALD C. McCREERY.

ORDER DENYING REHEARING.

Extract from the Minutes of October 1st, 1946.

Interstate Natural Gas Company, Incorporated,
versus No. 10701.
Federal Power Commission, Louisiana Public Service Commission, City of New Orleans, Louisiana, City of Baton Rouge, Louisiana.

As neither of the judges who concurred in the judgment of the Court in the above numbered and entitled cause is of the opinion that the petition for rehearing should be granted, it is ordered that the said petition be, and the same hereby is DENIED.

"Waller, Circuit Judge, dissents."

CLERK'S CERTIFICATE.

United States of America,
United States Circuit Court of Appeals, Fifth Circuit.

I, OAKLEY F. DODD, Clerk of the United States Circuit Court of Appeals for the Fifth Circuit, do hereby certify that the pages numbered from 909 to 948 next preceding this certificate contain full, true and complete copies of all the pleadings, record and entries and proceedings, including the opinion of the United States Circuit Court of Appeals for the Fifth Circuit, in a certain cause in said Court, numbered 10701, wherein Interstate Natural Gas Company, Incorporated, is petitioner, and Federal Power Commission, Louisiana Public Service Commission, City of New Orleans, Louisiana, City of Baton Rouge, Louisiana, are respondents, as full, true and complete as the originals of the same now remain in my office.

I further certify that the pages of the printed record, Volumes I and II, numbered 1 to 908 are identical with the printed record upon which said cause was heard and decided in the said Circuit Court of Appeals.

In testimony whereof, I hereunto subscribe my name and affix the seal of the said United States Circuit Court of Appeals, at my office in the City of New Orleans, Louisiana, in the Fifth Circuit, this 19th day of October, A. D. 1946.

OAKLEY F. DODD,
(Seal) Clerk of the United States Circuit Court of Appeals, Fifth Circuit,
By E. WENDLING,
Deputy Clerk.

SUPREME COURT OF THE UNITED STATES, OCTOBER TERM, 1946

No. 733

ORDER ALLOWING CERTIORARI—February 10, 1947

A petition for rehearing having been submitted in this case;

Upon consideration thereof, it is ordered by this Court that the petition for rehearing be, and the same is hereby, granted.

It is further ordered that the order of January 6, 1947, denying certiorari, be, and the same is hereby, vacated; and that the petition for writ of certiorari herein be, and the same is hereby, granted limited to Questions (1), (2), and (3) presented by the petition for the writ.

It is further ordered that the duly certified copy of the transcript of the proceedings below which accompanied the petition shall be treated as though filed in response to such writ.